



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***JPRS Report***

## **Soviet Union**

### ***WORLD ECONOMY & INTERNATIONAL RELATIONS***

*No 8, August 1990*

#### **DISTRIBUTION STATEMENT A**

**Approved for public release;  
Distribution Unlimited**

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

**DTIC QUALITY INSPECTED 3**

**19980518 183**

# Soviet Union

## WORLD ECONOMY & INTERNATIONAL RELATIONS

No 8, August 1990

JPRS-UWE-90-012

CONTENTS

29 October 1990

[The following are selected translations from the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences. Refer to the table of contents for a listing of any articles not translated.]

English Summary of Major Articles [pp 158-159] .....	1
The New Thinking and Soviet Policy Regarding Japan [G. F. Kunadze; pp 51-67] .....	2
Problems of German Unification [pp 68-74] .....	12
The First Stage of German Unification [Ye. Tsedilina; pp 74-79] .....	19
Economic Problems of German Unification [A. Kondakov; pp 79-86] .....	23
France's 'Minimum Deterrence' Nuclear Strategy [V. Manzhola; pp 105-112] .....	30
Armed Forces Manpower Acquisition: The French Experience [V. Dyakin; pp 113-119] .....	37
New Soviet Peace Institute Viewed [A. K. Kislov; pp 120-123] .....	43
13 June Government Program Viewed [L. Grigoryev; p 132] .....	45
Consequences of Arms Deal Scandal Examined [S. V. Morgachev; pp 133-134] .....	46
Two Books on the German Question Reviewed [V. Razmerov; pp 145-148] .....	48
Book on 'Scientific-Technical Progress' in West Reviewed [L. Veger; pp 148-150] .....	51
Two Books on Joint Ventures Reviewed [N. Lopukhova; pp 150-152] .....	52
List of Books Recently Published [pp 156-157] .....	54
Articles in MEMO Not Translated .....	56
Publication Data [p 160] .....	56

## World Economy & International Relations

No 8, August 1990

### English Summary of Major Articles

904M0015A Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 90 (signed to press 17 Jul 90) pp 158-159

[Text] YU. KOTCHEVRIN: "Capitalism in View of History and Nowadays." From the Marxist point of view, capitalism is an economic system based on the exploitation of hired labor; in the West, it is understood as the system of free enterprise. Still, in the author's opinion, both definitions are inadequate. It is necessary, he argues, to reconstruct historically the evolution of capitalism, and of our analysis of it as well. So the author undertakes a review of history, taking into consideration all the sources and factors of the progress of humanity—economic, political and spiritual. In his view, the theory of class struggle is a valuable contribution of Marxism to the social sciences; yet, it is highly contradictory. The dogma of formational development treats capitalism as a special type of connection between a laborer and the means of production, leading inevitably to confrontation between the worker and the owner of the capital. Yet such an important point as "freedom" and the guarantee of the civil rights of every member of society was not taken into account.

The author analyzes the role of enterprise and endeavor in the history of capitalism and stresses that, though for a long time, the terms were used synonymously, there roles are not identical. Kotchevrin discusses the idea of "management revolution" and its impact on capitalism.

In the author's opinion, the existence of mutual interests is more important for social progress than the realization of antagonistic class interests. At the same time, both kinds of interests are intrinsically interconnected with the basic institutions of capitalism.

The problem of correlation of revolution and reform relative to the new situation in the contemporary world is discussed by S. AGAYEV in the article "A New Reformation or a Revolution of the Future." The author believes that the contemporary situation in Western society is characterized by the acceleration of the processes of self-negation of capitalism realized in the form of its self-development accompanied by an ever-growing of the working-class movement in the direction of a socioeconomic consensus with A STRATEGY of compromises corresponding to it. While considering a correlation of such categories of labor and property, the state and subject of labor, the author attracts the reader's attention to all the aspects of interrelation of natural and social processes, an the interdependence and integrity of the contemporary world, to the necessity of a profound comprehension of such problems as the correlation of the individual and collective, the class and common to all mankind, the national and international. Therefore, the dilemma—"reform or revolution"—which was once

ardent, is now not actual. Today, when reforms actually have revolutionary effects, one can use a notion of "revolutionary reformism" as a method of social transformation. This is just the Reformation in its new sense.

L. SABELNIKOV in the article "International Trade in Services in the World Economy and Policy" analyzes the scope, structure and geography of modern trade in services as well as new trends in recent development of this sector of trade. These developments are of growing importance in all regions of the world. The article covers some economic features and political aspects of trade in services, particularly the role of foreign facilities for exporters of services, the major positions of TNCs in the world services business and the growing influence of some services (communications, information, banking, etc.) upon both the economic and political situation of importing countries.

The second part of the article is devoted to the problem of regulation of trade in services. The author shows that the present system of regulation consists of three main parts: national, bilateral and multilateral. A short history is also presented in the article updated within the framework of GATT. The article closes with an indication of some elements that could be considered in the forthcoming context of GATT Rules concerning trade in services.

G. KISELYOV: "On the Nature of State Property in Developing Countries." Extracoeconomic coercion constitutes the main factor of combining direct producers and the means of production in those countries of the Third World where capitalism has not become a prevalent form of social relations. Extracoeconomic coercion there acquires a form of appropriation of man by society and the state. This appropriation of man by society, the alienation of his will is implemented by means of manipulating his consciousness and imposing on him a mythological picture of the world. For this reason, the collectivist pathos of socialist ideas, which reproduces the traditional communal values, is a fitting instrument in the hands of the ruling groups that allows a reestablishment of the relations of bondage immanent in traditional society.

The article "In Search of the New Thinking: On the Policy of the USSR Toward Japan" by G. KOUNADZE is devoted to positive changes in the entire complex of foreign relations of the Soviet Union during the last 5 years and especially its relations with Japan. However, the author also shows that a great number of mistakes were committed in relations of the USSR with other countries, including Japan, owing to an erroneous philosophical basis and ideology of Soviet foreign policy. While analyzing these mistakes and conceptual postulates laid down into the base of relations with Japan, the author suggests a number of measures intended for the radical improvement of Soviet-Japanese relations which is impossible without a correct comprehension of the national interests of Japan and the USSR. And under national interests, one should evidently understand not

any declaration, but only that one for the realization of which the state is ready to use efforts and means of national policy on a priority basis. One such task of the highest priority to Japan is the solution of the problem of the "Northern territories." All of Japan's other national interests in relation to the USSR are expressed less definitely and therefore the search for a balance of interests of the USSR and Japan cannot be accomplished while evading this problem. There are many difficulties in this area for the USSR and Japan, the liquidation of which would require many years of spadework, but in the process of just such work genuine mutual understanding would be engendered between the USSR and Japan and premises for a real balance of their interests would appear.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990

### **The New Thinking and Soviet Policy Regarding Japan**

904M0015B Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 51-67

[Article by Georgiy Fridrikhovich Kunadze, candidate of historical sciences; department head, USSR Academy of Sciences IMEMO]

[Text] I In slightly more than the last 5 years, there have been many real successes directly associated with changes brought about by perestroika. The shameful war in Afghanistan is ended, a Soviet-American treaty eliminating medium and shorter range missiles has been signed, relations have been normalized with China, and the USSR's devotion to the principle of total freedom to choose avenues and forms of development by all countries of the world without exception has been confirmed in practice. Positive changes have been noted in the entire complex of our foreign relations.

It seems to us that such impressive results are inseparable from the very nature of foreign policy, the centralization and, consequently, controllability of which is immeasurably higher than domestic policy. In order to find a way out of the crisis like the one that developed in Soviet foreign policy in the early '80s, it is often sufficient to correct specific major mistakes. Of course this is not easy to do. A great deal of political courage is required of the decision-makers. The price of another possible mistake is also high. But if the correct course of "therapy" is chosen, improvement is quite soon forthcoming. And this is what has happened in our case. As a result, the improvement in the USSR's foreign political situation is in evidence. Whether Soviet foreign policy at the strategy level has been entirely normalized is another matter. In other words, are we entirely free of the burden of past mistakes and are we insured against making new ones? After all, everyone understands that the mistakes that the new Soviet leadership had to correct as soon as

humanly possible did not come out of thin air. All of them together and each one of them individually were the product of a vicious strategy or even the absence of any strategy whatsoever. And since this is the case, are not the existing foreign political successes occasionally overshadowed by the problems that have built up in Soviet foreign policy over the years?

The words "new political thinking" are a recent addition to our vocabulary and were quick to gain popularity. But popularity, as we know, is by no means devoid of danger since it frequently results in the oversimplification of complex problems and ultimately in the substitution of a slogan for a concept. Indeed, we are noticeably beginning to endow new political thinking with a certain magical power. We connect everything that the USSR undertakes in the area of foreign policy today with the new political thinking. But what about those directions of foreign policy in which there are no successes as yet? As usual, there is a great temptation to blame our partners for the lack of results, to say that they are the ones who have not yet demonstrated the new thinking. They are obviously not blameless. But nevertheless, we should first of all look to ourselves to discover the reasons why we are marking time.

It is appropriate to pose the following question in order to gain a closer understanding of these reasons. Would the decision to withdraw Soviet forces from Afghanistan have been made so quickly and irrevocably if our situation there had been slightly less catastrophic, if the continuation of the war had not had such a negative impact on our foreign political positions in the world as a whole? Or, another question. Would we have agreed to the total elimination of medium and shorter range missiles (to the so-called "double zero"), if, let us say, the USA's European NATO partners had for some reason refused to allow the deployment of the corresponding American missiles on their territory? The retroactive modeling of the situation is a thankless task. Nevertheless, it seems to me that the answer in both cases would have been in the negative: we would not have withdrawn our forces, and we would not have agreed to the "double zero." The reason is that in the described development of events, neither the Afghanistan problem nor the INF problem would have acquired such a clearly critical nature. By virtue of our system's particular features, specifically its orientation toward the center in all things—from the declaration of war to supplying the population with soap, our leadership has always been overburdened with concerns beyond all conceivable measure. It seems therefore that it would have found more important matters, especially during the years of perestroika.

The result is a paradox: in order to bring the new political thinking into play, we necessarily require a crisis or a total cul-de-sac in our previous policy. The peasant doesn't cross himself until it thunders. But foreign policy, like policy in general, cannot be a chain of solutions of crisis situations. It is inconceivable without

a precise, comprehensive perspective. Otherwise its successes will be (1) fragmentary and (2) belated.

I do not doubt for a minute that under the present leadership we are guaranteed against a repetition of major tragic errors in our foreign policy. But, first, the leadership will change sooner or later and hence may not prove to be so stable in the future unless there is serious reform of all institutions pertaining to the superstructure. (A state's political system requires what is called in electronics a "foolproof" mechanism. This, incidentally, is from the area of internal reforms.) Second, there is no evidence of guarantees against less major and tragic mistakes, or routine mistakes in situations where there is no appreciable crisis, and where consequently the need for decisive and radical steps is not realized with sufficient clarity. Does this not mean that the USSR's foreign political positions will be undermined in the future, just slightly less intensively?

The answer is seen to lie irrevocably in ridding the new political thinking of its present hierarchical nature, with revolutionary ideas being generated only at the very top. Upon reaching the lower links of the foreign policy apparatus, they give impetus to the development of the necessary infrastructure of the new position. Backward movement is seen much less often. But at the same time, it is specifically narrow specialists that are called upon to analyze the problems because they are obligated to foresee the oncoming crisis in a situation that may even outwardly appear to be entirely satisfactory. In other words, it should evidently be one of the main tasks of foreign policy professionals to take the initiative to put forth new ideas in what are not clearly crisis situations.

But how can this be done if the right to make foreign policy decisions in any, even the most ideal system, cannot but belong to the nation's top leadership? After all, this objectively leads to the inculcation of the apparatus with a stable inclination toward conformity: the main criterion of the feasibility of a new idea is not so much its optimality as its acceptability to the leadership. The apparatus also analyzes incoming information in the same way. The result is a vicious circle in which information is prepared and filtered in such a way as to correspond to the leadership's existing views, which convinces the latter still more of the correctness of these views. A similar tendency is to a considerable degree also characteristic of our scientific research. Under the described conditions, only a "suicide" who is willing to risk his position by challenging the entire apparatus, which, incidentally consists of entirely competent specialists, can be the bearer of an optimal idea. It turns out that all hope rests with such "suicidal" loners. However, this hope is entirely illusory because the loner's views will either not reach the nation's political leadership or else they will be outweighed by the judgments of the majority of specialists. The conflict of opinions will not by any means appear so stark: a new idea is most often opposed not by unprincipled careerists, but by people

who earnestly believe that they are right, people who base their belief on a multitude of truths that they deem indisputable.

Among the main reasons for the conflict described between the organizational structure and effectiveness of foreign policy, we should mention, first, the lack of adequate ideas regarding its object, i.e., a specific country, and, second, the resulting impossibility of formulating optimal goals and means.

The new political thinking is in large measure implemented by feel. At the level of general declarations, we speak, for example, about the need to find a balance of national interests, recognizing that every state, including capitalist states, has such interests. In actual practice, however, without the appropriate guidelines we are frequently unprepared to accept one or another position of a nation-partner as reflecting its national interests. We say that the real weight of a country in the international arena is determined less and less by its military might. But we occasionally continue to rank countries according to this obsolete criterion. We proclaim the deideologization of foreign policy but are guided by ideological motivations in evaluating our partners, albeit to a lesser degree than in the past. While we dethrone Stalinism in all its manifestations, we have great difficulty acknowledging its concrete foreign policy mistakes and crimes. We continue to proceed from the ideological proximity of orthodox Stalin parties and regimes in foreign countries to us. We are building a rule-of-law state, but we are unable to even admit the idea of the legal inappropriateness of our past actions. Finally, we do very little to apply the objective criteria for evaluating capitalism in analyzing the situation in specific countries. The latter circumstance is especially important because it makes it impossible to understand who is who in the nation-partner's political arena.

In sum the problem can essentially be formulated as the need to combat vestiges of Stalinism in the area of foreign policy. During the years of perestroika, much has been said about the crimes of I. V. Stalin and his regime against our people. It would seem that there are no dark spots here [that have not been explored]: virtually all the dictatorship's life path has been subjected to scrupulous analysis. Today there are some who appear to be growing weary of the continuing, increasingly repetitious exposures.

But it is much more important that the criticism of Stalinism frequently boils down to the criticism of I. V. Stalin's personality. The cult of personality has long ago become a kind of cult of anti-personality, under the canopy of which certain postulates of Stalinist policy appear to be living out the rest of their days happily. And here the impression is created that these postulates themselves are involuntarily (but possibly, deliberately as well) protected. But it is specifically they that are a hindrance to perestroika literally every step of the way. They include the equating of socialism with its command model, the idealization of general leveling, and the

ideological prism that is used in the attempt to view economic and political conceptions that have been tested by world practice. A similar picture is seen in the area of foreign policy where the struggle against vestiges of Stalinism requires critical interpretation and the revision of literally every step taken by the country in the international arena. This is especially difficult to do in regard to the postwar period, since its troubles are directly connected with modern times that have partly long ago been divorced from the personality of I. V. Stalin and that were partly never directly associated with it. The policy of the USSR toward Japan is extremely illustrative in this sense. It is an example that is so typical and instructive that it could not be thought of if it did not exist in real life. It sometimes seems that Japan's postwar development specially went in such a way as to give us a poor understanding of that country.

II As is known, Japan suffered a crushing defeat in World War II and, in keeping with the logic of Stalin's foreign policy, which was amplified many times by the understandable euphoria resulting from the great victory, was written off by us as a third-rank state. No Soviet occupation zone was established on Japanese soil: the Americans were in charge of everything from the very beginning. Under the conditions of the mutual psychological and political readiness of the USSR and USA for bipolar rivalry, this circumstance predetermined our not merely neutral, but actively negative attitude toward Japan. On the other hand, as an Asian country that preserved numerous feudal vestiges and that was distinguished by a high level of concentration of production and exploitation of its working people, Japan was obviously regarded as an early candidate for socialist revolution all the more so because it had as its neighbor China, where movement toward such a revolution was very rapid and soon ended in the proclamation of the People's Republic of China. The fact that nothing similar happened in Japan was unequivocally attributed to American dominance. The perception of Japan as a *de facto* American colony became deeply entrenched. This in turn fully excluded even the insignificant possibilities for the objective analysis of Japan's postwar reforms that Soviet sociologists had at their disposal during the years of the Stalinist dictatorship. The mighty impetus to Japan's largely optimal economic, social, and political development during the years of American occupation and in the subsequent decade went unnoticed.

The first attempt by N. S. Khrushchev was extremely inconsistent and contradictory. It virtually did not touch the philosophical principles and ideology of our foreign policy. It only more slightly revealed the emphasis on "solidarity" with the people's of Asia and Africa that are fighting against the dominance of American and all other imperialism. Such emphasis presupposed the sympathy and support of the peoples of those countries and the classification of their leaders according to the degree of their hostility toward the USA. Therefore it is not surprising that Japanese leaders, who were firmly oriented toward alliance with the USA continued to be perceived by us as puppets.

Japan's economic development in the '50s and early '60s also interested us little and probably impressed us even less: a country that was devoid of natural resources seemed doomed to vegetate. Japan's first economic successes were attributed to the high level of exploitation of the working masses which in our understanding of the time only hastened the revolutionary explosion. We pictured the explosion itself as being directed not only against Japanese, but also against American capitalists. Here it is once again appropriate to say that the anti-American subtext of our attitude toward Japan generated many practical mistakes in Soviet policy that were frequently of a purely emotional nature.

The USSR reestablished diplomatic relations with Japan in 1956. Thus, the gross error of Stalinist policy, which was expressed in the refusal to sign the San Francisco peace treaty with Japan in 1951, was partially corrected. This fact itself could only be welcomed, but we must think of the circumstances surrounding the reestablishment of relations or, more precisely, of our motivation. There was a cabinet change at the time Soviet-Japanese negotiations began in Japan. Pro-American Prime Minister S. P. Yoshida replaced I. Hatoyama, a person whose biography and views would hardly have generated special enthusiasm in our country if it were not for his entirely clear attempt to distance himself from the USA. This attempt by I. Hatoyama was dictated in part by his rivalry with S. Yoshida and in part by traditional nationalistic convictions and to a certain degree by personal motivations. After all, during the occupation years, I. Hatoyama was purged as a war criminal. But who thought about I. Hatoyama's motivation at that time. The important thing was that Japan diverged to a certain degree from the USA, which was evidently unanimously regarded as the beginning of an irreversible process.

Under these conditions, we signed the Joint Declaration on the Reestablishment of Diplomatic Relations with an easy heart. The declaration also included the USSR's pledge to transfer the islands of Habomai and Shikotan to Japan immediately after the signing of the peace treaty. Strictly speaking, there was nothing reprehensible in this pledge. The reverse was more likely the case. It was entirely justified as an absolutely necessary step toward the reestablishment of diplomatic relations, the more so that Habomai and Shikotan, in the opinion of many specialists do not belong to the Kurile Ridge [*grya*], which Japan renounced its right to under the San Francisco Treaty. However, the subsequent development of events showed most clearly that we were inclined to regard this circumstance as a kind of "advance" to Japan for further distancing itself from the USA.

In 1960 Japan and the United States concluded a new treaty on mutual security guarantees. This event was perceived most painfully by us. It was followed by declarations of the Soviet government canceling the the transfer of the islands of Habomai and Shikotan. The legal inappropriateness of such actions is entirely obvious. No one is entitled to unilaterally repudiate an

obligation stemming from a bilateral agreement just as no one can dictate to a sovereign state what kind of treaty it should or should not conclude with a third nation. However, all this did not prevent the USSR—all the way up to the present—from insisting on the justness of its erstwhile pronouncement regarding the impossibility of transferring the islands of Habomai and Shikotan to Japan. What is more, there even gradually disappeared from our position the premise that made the transfer of the islands contingent upon the total withdrawal of foreign (that is, American) forces from Japanese territory. The refusal of the USSR to fulfill its treaty obligation thus became absolute.

Why and for the sake of what did we resort to what I consider to be such an obvious violation of the commonly accepted norms of international law? I would not like to, and indeed it is impossible to reduce the explanation exclusively to a display of great-power haughtiness, even though the certainty—naïve in its directness—that a great power can indeed allow itself if not everything, then a very great deal, has long been seen in other foreign policy steps taken by the USSR. A more concrete, and hence more important reason appears to be the emotionally simplistic and ultimately incorrect perception of the Japanese-American alliance.

The aforementioned declarations of the Soviet government did not come out of thin air, but were made under the impression of mass protests by the Japanese-against the security treaty. Everything seemed to go according to a prearranged scenario. The anti-American sentiments that we “detected” in the mid-’50s finally burst forth in what was virtually an uprising by the people. But the anti-people government did not show any intention of reckoning with the so clearly pronounced interests of the working people. Here it was, the classical revolutionary situation in which our sympathies were naturally on the side of the participants in anti-government protests. How could there be any discussion of loyalty to agreements with an anti-people, “puppet” government under such conditions?

Of course, in 1960 we did not attach significance to the fact that in the rule-of-law democratic state that Japan has steadily become, there are, in addition to mass demonstrations, other, parliamentary-ordered procedures for adopting international treaties. Now that the new Soviet parliament itself is encountering the “majority-minority” problem, the difficulties entailed in the ratification of a security treaty will now probably become more understandable to us. At that time, however, the idea that the ruling party, having the majority in parliament, was entitled to make the necessary decisions through it, was unquestionably seditious and was indeed simply beyond our comprehension.

There were also few who reflected on the fact that the protests of the Japanese against the security treaty assumed mass proportions to a considerable degree owing to the participation of political forces that had

nothing in common with one another except the rejection of the treaty. Much later, when I. Shimiju, one of the leaders of the 1960 struggle, came out with an appeal for Japan to acquire its own nuclear weapons, to become a great military power, we were inclined to regard him as a degenerate, virtually as a traitor to the cause of revolution. And yet, there was nothing surprising in I. Shimiju’s behavior. He had always been a Japanese nationalist who had no thoughts whatsoever of “proletarian revolution.” The struggle against the security treaty in 1960 unified leftists and rightists. But this short-lived “unity” disintegrated just as fast as it had originated.

The consequences to Soviet-Japanese relations of such an obvious failure to understand the logic of Japan’s internal politics proved to be long-lasting and grave. The perception of our country by Japanese public opinion worsened, thereby opening the door to territorial demands at the mass level. At first glance, it was paradoxical, but in actual fact it was entirely natural that many participants in the struggle against the security treaty found themselves in the ranks of the movement for the return of the “northern territories,” i.e., the islands of Habomai and Shikotan as well as the islands of Kunashiri and Iturup (the question concerning which we had in fact promised the Japanese to discuss on the eve of the signing of the Joint Declaration).<sup>1</sup> We answered this by advancing the thesis that the campaign regarding territorial claims was staged and that it had few participants. While truth and fiction were oddly intertwined in this thesis, it was crowned by a fundamentally incorrect practical conclusion. Beyond a doubt, the movement for the return of the “northern territories” was inspired by the Japanese government and by nationalistic elements that raised their heads. However, it is also indisputably true that this movement gained mass proportions in quite a short period of time. Some people took an active part in it, others merely approved it, while still others passively agreed with their government’s arguments. The USSR was consequently confronted with the urgent problem of neutralizing such sentiments.

Strictly speaking, there was nothing surprising in this turn of events. No one can ignore mass social sentiments even if they are inspired by someone’s malicious actions. Ultimately, public opinion never and nowhere originates spontaneously without some initial outside impetus. This impetus is occasionally ineffective, in which case the incipient trend in public opinion dies a natural death. But if the outside impetus lands on prepared soil, the trend develops and acquires an objective character. In such a case, it can no longer be ignored: the more we try not to notice it, the stronger it becomes.

This was the very logic that worked in the described situation. Year after year, we consoled ourselves with the thought that the territorial demands were supported by a negligible number of frenzied enemies (incidentally, we in our own country frequently ignored latently accumulating social sentiments, reducing them to the ill-will of “a small group of renegades”). Year after year, we demanded that the Japanese government stop stirring

things up, not seeing that even if it wished to do so, this became more and more difficult and ultimately simply impossible.

The slightest attempt to focus attention on the hopelessness of ignoring objective reality was summarily rejected. Information received from Japan through various channels was properly prepared and the goal (or anti-goal) was attained. The Soviet leadership became convinced that a problem simply did not exist and that therefore the only true line of behavior was maximum firmness and adamance. An entire iceberg of illusions took shape. It was cold, the greater part of it was hidden below the water, and it was practically immobile because of its enormous size. In recent years, this iceberg has slowly begun to melt: we have finally realized that the territorial demands on the USSR enjoy mass support and that if for this reason alone they cannot be ignored. But today, many years after the original mistake, it is very difficult to take the next step.

In the time that has elapsed, the USSR's repudiation of its treaty obligations has been confirmed repeatedly at the official level, was intensively whitewashed, and was justified by mass propaganda. This is specifically the case—described at the beginning of the article—of the routine accumulation of mistakes, when there is no urgent crisis, when the top leadership does not have the time to get to the heart of the issue, while the foreign policy apparatus goes its own programmed way like a caravan in the desert. To be sure, since the mid-'70s, we have preferred not to mention the 1960 declarations. But after all we also do not venture to overturn them directly. Do we not want to stir up the past? But then what is to be with the present and the future? Not only with the present and future of Soviet-Japanese relations, but also with our striving to create a rule-of-law state. Does this not mean that we must restore justice not so much for the Japanese as for ourselves?

But let us return to Soviet-Japanese relations. In the context of our as yet far from dethroned dogmas, Japan has unquestionably not fared well. What is more, it has repeatedly not fared well. Japan's principal "misfortune" has already been discussed. To its misfortune, this country has chosen to orient itself toward alliance with the USA. But having contrived to prosper in virtually all respects "under the heel of the transoceanic colonizers," it is in no hurry to change this orientation even today. It took us a long time to make the difficult adjustment to the existence of the Japanese-American alliance. But even after becoming accustomed to it as something that is given, we continue to enclose the words "security treaty" in sarcastic quotation marks, indicating its subjective, class-restricted nature. We are still frequently inclined to absolutize Japanese-American contradictions, based on the fundamental thesis of growing inter-imperialist rivalry, and in a more concrete form, V. I. Lenin's words (taken out of the historical context of the distant past) that Japan and the USA are on the verge of "throwing themselves at one another." As before, we almost do not consider the fact that the strength of the

Japanese-American alliance has long been determined not so much by U.S. military guarantees as much as by the very close, all-round interdependence of the two countries, which for each of them has become an integral component of everyday life. As before, we do not venture to declare for all to hear that the alliance with the USA accords with Japan's national interests and that we in our striving for a stable balance of interests with Japan intend to proceed from this premise. How can we be surprised if the Japanese view virtually every step of the USSR's "Japan" policy as an attempt to tear their country away from the USA.

Other Japanese "misfortunes" were mentioned only briefly above or were not mentioned at all. They include: the status of a conquered nation about which one speaks after so-and-so many years because there are those in our country who continue to perceive it as a status that negates certain elementary rights of sovereign state, for example, the right of self-defense; the fact that Japan geographically belongs to Asia, in respect of which all Marxist dogmas regarding the absolute impoverishment of the working people as a process that leads to revolutionary explosion has not yet been "abolished"; the fact that it at the same time belongs to imperialist countries that hungrily extend their financial, technological and all manner of tentacles to the entire world in the hope of enslaving peoples; the still quite strong, even if eroding, polarization of political forces which provides considerable material for our traditional newspaper rubric "the struggle of labor and capital"; the existence of relatively few but loud and therefore noticeable right-wing organizations that have made the USSR the constant target of their attacks; incomprehensible, irritating stubbornness in advancing territorial demands; relative military weakness together with the cautiousness and reticence that are characteristic of Japanese diplomacy; and, finally, the incomprehensibility of economic successes, the absence of crisis, and the striking affluence of a country that is objectively poor, that is a painful contrast with the poverty of our own objectively abundant power.

A qualification should be made here. The insolvency of many of the enumerated postulates are well understandable to us today. But only at an abstract, general, theoretical level. When the transition is made to Japanese specifics, however, the power of the old postulates is still felt very distinctly especially in the information area.

There are many examples of this. Thus, the practical disappearance of the thesis of the continuously worsening general crisis of capitalism from circulation does not in any way prevent us from viewing Japan's domestic politics through the prism of class struggle. Heterogeneous social protest movements are continuously added to this common denominator and thus the classic revolutionary situation is now modeled more on the basis of inertia. In such a frozen scenario, strikes are increasingly assessed as fundamental class protests while the rejection of strikes is viewed as the forgetting or even betrayal of class interests and as contemptible compromise. There is essentially uncritical acceptance of the views of Japanese



orthodox leftist forces that have increasingly lost their positions. On the other hand, the real state of affairs, especially the high degree of stability of Japan's social order is ascribed to the repression and tactical maneuvering of the ruling class, i.e., is treated as something entirely subjective.

Theses of the "prolonged crisis of the existing political system," of the "disenchantment of the broad masses with bourgeois democracy" migrate from one work to another. The latter assertion which obviously hints that the Japanese people, having grown weary of bourgeois democracy, thirsts for something else sounds especially awkward today at a time when we and other socialist countries are painfully following the path of democratization and are occasionally groping our way.

According to our traditional logic, it necessarily follows that everything that is positive in Japan's political and social life is the result of the struggle of the laboring masses and, conversely, everything negative is the product of the bourgeois state's policy. If we accept such a scenario, we will have to state that Japan's political system is at least in practice very viable and perhaps will be even more viable than ours since it allows the working people to score such large successes.

In actual fact, everything is of course different. The struggle of all groups of working people or more precisely the population (since the social protest movement does not by any means necessarily form along industrial or professional lines), while producing concrete results, leads the country as a whole away from rather than toward a revolutionary situation. This struggle today acts like a safety valve, i.e., has already become a necessary part of the political system.

If we include or, more precisely, insert the full diversity of manifestations of social protest in the formula of the struggle between labor and capital, the conclusion will most likely be very uniform. This struggle is not of a destructive, destabilizing character vis-a-vis the social system existing in the nation, does not weaken, but rather strengthens it. The revolutionary transformation of Japanese society therefore seems entirely unrealistic.

Such a conclusion points, for example, to the naturalness of the strengthening of centrist parties in Japan's political arena, of the emergence of Rengo, the new trade union center, and at the same time to the lack of prospects of leftist parties, especially the Japanese Communist Party. The same situation is incidentally also characteristic of the majority of other developed capitalist countries, which obviously indicates the typical, enduring essence of the phenomenon which therefore requires theoretical interpretation.

Of course, the so-called problem of rebirth of Japanese militarism requires decisive rethinking. Virtually all our conclusions here are far-fetched and are largely downright ridiculous. During all the postwar years we have persistently talked about the rebirth of Japanese militarism and have not been embarrassed in the least by the

fact that this prediction has not been coming true. In terms of the role of the military in public life and state politics, the share of military production, and in its military potential, Japan today is one of the least militarized countries in the world.

The time has obviously come to analyze the problem seriously. In particular we must analyze why the accusations that Japan is militaristic have been so tenacious, the reasons we have inherited this legacy from the rhetoric of Stalinist times that have been generated by the general state of Soviet-Japanese relations, and finally, which of them have been dispelled by the views of Japan's leftist opposition.

There is here one more aspect that is possibly even the most important consideration. Now that our country has in fact posed the problem of eliminating militarism, it is specifically the objective study of Japan's realities that can provide important material for positive generalizations, can demonstrate on the basis of an example drawn from life what we are summoning the world community to. After all, it is clear that it is very difficult to propagandize a general human idea at the abstract level in purely political terms without reference to the actual experience of other countries.

An especially large number of inadequate evaluations in the study of Japanese foreign policy existed up until very recently. Among them is the apparently entirely unfounded criticism of the alleged Washington-Tokyo-Seoul axis, the thesis of the so-called "Pacific community" as "Eastern NATO," and finally the analysis of virtually any action by Japan in the international arena which always ended in its condemnation and in the conclusion that it would fail. Strictly speaking, today as well, it is difficult or even simply impossible to recall anything positive in our assessments of Japanese foreign policy. It always appears to look like a pitiful, ill-intentioned machination that fails in the face of the mighty rebuff of progressive states. Such an approach is the reverse side of the depiction of Soviet foreign policy as an uninterrupted series of victories. It is highly incongruent with the new political thinking. Has the time not come to admit the obvious? In particular, the fact that Japan's economic and political penetration of countries in the Asian-Pacific region no longer meets an enemy, as was the case in the first half of the '70s, but is even occasionally welcomed. That the transformation of Japan into an informal leader in the region acquires an objective and natural character because it bears real benefits not only to itself but to others as well. Finally, that the growth of Japan's regional influence does not by any means have a military aspect and is practically opposite to the structures of confrontation of military force.

The obvious distortion of Japan's reality by everyday, conventional, routine methods is far from innocuous in the context of Soviet policy. It specifically promotes the development of wrong views of Japan at the political decision-making level. But these views according to the

feedback system described above infect the foreign policy apparatus (including journalists and researchers) and orient them toward preparing new information in the appropriate way. It should also very seriously be considered that unfounded evaluations of Japan that have accumulated over long years not only complicate the life of the Soviet leadership, but also stimulate quite tendentious public opinion in our country. Very recently, this would not have been a special problem for Soviet foreign policy. Today, however, under the condition of glasnost and democratization, the possibility cannot in any way be excluded that on the way to new, more effective political decisions regarding Japan, the Soviet leadership will encounter their rejection by our people.

Finally, it is a matter of no little importance that the Japanese themselves, who attentively observe our information about their country, react very painfully to any inaccuracies and distortions. They frequently interpret all this as an evidence of a show of ill-will and a reluctance to understand them. Such a perception is entirely natural for any people, especially for a people that is so monolithic and different from others. In this sense, our tendentious assessments of Japan unquestionably play a negative background role in Soviet-Japanese relations.

Summing up what has been said, it can evidently be said that today as probably never before the objective and non-dogmatic study of Japan is not only a question of the foundation of scientific research but is also a factor in improving Soviet-Japanese relations. After all, without a true understanding of any volume of policy without stereotypes and direct prohibitions, it is impossible to formulate the policy itself.

III One frequently hears that the USSR maintains entirely normal relations with Japan, relations that are much more extensive and profitable in trade, relations that are much more saturated on a political and propagandistic plane than with many countries and in fact with the majority of Western countries. It is concluded from this that there is no serious basis for alarm and that no special "superefforts" are required to improve our relations with Japan.

The traditional thesis of irreversible change in the correlation of forces in the world in the favor of socialism, which was unequivocally understood to mean to all-round strengthening of the USSR's international positions that forced capitalist countries to seek our favor was very recently cited in support of this point of view. This thesis was based on the abstract theoretical conviction that the objective laws of social development are automatically operating on our side. Now, however, it would appear that this is by no means the case. Bad practice can refute even impeccable theory, to say nothing of the fact that our theoretical ideas about international relations are by no means impeccable. The attempt is sometimes made to propose a thesis to take the place of the thesis dethroned by perestroika, that

now, under the conditions of the new political thinking, we will inevitably grow stronger from year to year and...Japan will never go anywhere and will come bowing to us as nice as you please. This approach simultaneously embodies several delusions that typify the old political thinking: the "historical optimism" developed as a result of political shocks over the years that everything will turn out right; the traditional reestimation of our potential and the corresponding underestimation of the other side's potential; and, finally, the habit of measuring the state of relations by extensive yardsticks: the number of contacts, the sum of trade turnover, i.e., in approximately the same way that we evaluate our economy on the basis of its gross indicators. However, the principal shortcoming of our approach to Soviet-Japanese relations is that we are practically making no effort to correlate their present state with any concrete goals. Strictly speaking, such goals are in general not visible. It is true that in the early stages we tried to achieve individual narrowing pragmatic goals. In the '60s, for example, the USSR clearly tried to undermine Japan's alliance with the USA. For all its absurdity and groundlessness from the standpoint of the desired result (there are even those who believe today that a break with the USA would lead Japan to real militarization), this was a task that logically demanded the priority concentration of efforts and the willingness to make the necessary sacrifices in order to attain it. Nothing of the sort was done. We were not prepared to pay the required price and confined ourselves to primitive pressures. It is hardly surprising that the Japanese-American alliance has grown even stronger while our own situation has become more complicated *inter alia* as a country that has proven incapable of attaining the given goal.

Being approximately as disorganized in the second half of the '70s, we tried to prevent the conclusion of a Japanese-Chinese peace and friendship treaty, while not having a clear understanding of the scale of the task, the feasibility of advancing it, and the efforts that should be made in order to realize it. Once again, almost everything boiled down to vague threats and public condemnation. Again, the goal was not reached. The Japanese-Chinese treaty was concluded and the USSR, as if punishing Japan, stationed a military contingent in the Southern Kuriles. Using the terminology of the Afghan war, this was a limited contingent. However, even it proved to be sufficient to generate the problem of its withdrawal which the Japanese are continuously pressing for.

We have for many years viewed Japan as a promising economic partner. And indeed, Japan is capable of providing us with practically any type of industrial product, technology and service, of becoming a powerful source of credits. Is it the goal of Soviet policy to obtain all of these riches from Japan? Yes and no. We take from the Japanese what they are willing to give us, sometimes merely to stop up our own holes, but it appears that we do not know how much is needed and above all the price, including the political price, that we are prepared to pay.

The USSR's trade with Japan and Finland is comparable in terms of trade turnover. Considering the incomparability of the economic might of these two countries, does this not mean that our conduct of relations with Japan is extremely unsatisfactory?

As already noted, for more than 30 years Japan has made territorial claims on the USSR. This topic is present in one form or another in practically all contacts with the Japanese and every time it encounters our more or less strictly formulated rejection. Naturally, the existing impasse cannot be satisfying because it has a clearly adverse impact on Soviet-Japanese relations. Under such conditions, can it be said that the resolution of the question of territorial claims is the goal of Soviet policy? If we consider that Japan's renunciation of its claims is one form of resolution of the question, this is evidently possible. Of course, it is difficult to call such a frankly one-sided goal realistic. But in the given instance, there is something else that is important. For more than 30 years we have not come any closer to attaining it and we have lost rather than gained time, while the emotional background of the question has almost reached the boiling point. Once again, there has been a striking sameness in the means employed in this area: declarative condemnation, occasionally diluted by admonitions, without the readiness to define the price of solving the questions.

In addition to the goals enumerated above, we also have a number of wishes concerning Japan that have also not been formulated in real terms. We wish to see Japan as a state that is loyal to the USSR, as a reliable, interested, and unselfish trade partner, that it relate with understanding and approval to our political initiatives in the region, etc. All these have not become conscious goals and naturally have not been reinforced by appropriate efforts. Understandably, good wishes have remained futile daydreaming of the purist sort. Can the state of Soviet-Japanese relations be considered satisfactory if not one of our policy goals has been realized, if we today essentially do not know what we want from Japan and the means we intend to employ to realize our wishes? Soviet-Japanese relations today are indisputably better than at the beginning of the '80s even though we have done more to reestablish positions that were lost at that time than we have done to reach a new qualitative level. But the main role in this relative improvement was played by a complex of all favorable changes taking place in our country, including changes in foreign policy in general. But a well-thought-out "Japan" policy is still not in evidence. Practical workers [*praktiki*] will most likely not agree with this conclusion. And they will be right in their way because by virtue of the specifics of their work, the prospects of Soviet-Japanese relations are measured not in years and decades, but in months and even weeks. At the everyday, practical level, the impression may indeed be created that not everything is going so badly: there is more than enough work and quantitative characteristics of Soviet-Japanese relations appear entirely favorable against the general background. At the same

time, the prospects of Soviet-Japanese relations are integrally connected with their quality. Here, too, there are extremely few and even no grounds whatsoever for satisfaction.

A contradictory and even paradoxical situation has developed in Soviet-Japanese relations at the present time. In the time that has elapsed since January 1986, when the USSR foreign affairs minister visited Japan for the first time in 10 years, the volume and level of bilateral contacts has risen appreciably, but there has still been no breakthrough in relations. It is obvious that of the developed capitalist countries, Japan remains the least interested in developing relations with the USSR. Japan's leadership evidently clearly realizes that the USSR does not threaten its political and defense interests. Strictly speaking, the Soviet Union and Japan have almost no common interests in the area of policy and security. The fear of lagging behind other countries in the development of relations with the USSR that was so characteristic of Japan in the '70s is now in the past. Japan today is sufficiently self-confident to articulate the limits of these relations independently, without looking over its shoulder at the USA, and even to urge its friends and partners to show restraint.

The normalization of Soviet-Chinese relations revived Japan's traditional geopolitical fears for a short time. To all appearances, these fears were almost nullified quite soon, giving way to the understanding that the USSR could not return to power politics based on ideological and political rapprochement with China.

Nor does the so-called "economic diplomacy" encourage Japan toward more active relations with the USSR. The enormous Soviet market remains more of an abstraction than a reality to Japan as yet. Japan's interest in importing Soviet raw materials is also steadily waning.

The result is a vicious circle in which political relations require economic motivation and trade-economic relations require political motivation. These two models are mutually exclusive and Soviet relations with Japan, even if they are moving forward, are moving at a snail's pace. Under such conditions, the extremely limited possibilities of developing relations are not entirely exhausted, which makes it possible to preserve the illusion of progress and of equating it with every step that is made. For the most part, however, Soviet-Japanese relations are still at a stable level: a slump is followed by a relative upsurge, beyond which the next slump looms.

When we evaluate the state of Soviet-Japanese relations, we should first of all consider the fact that we are dealing not merely with a large, highly developed power, but also with the clear leader of the Asian-Pacific region where our own positions are very unstable. At the same time, Japan's influence is continuing to grow while it has not by any means been possible to halt the trend toward weakening of the role of the USSR. It is highly unlikely that this difference will disappear in the next few years. It will rather become more and more appreciable as a

result of the gradual lowering of the role of the military factor in international relations.

Military power was for a long time a key component in the USSR's international influence. Strictly speaking, this situation has changed little even today even though we of course understand that the attempt to compensate economic weakness by increasing military muscle power and the unpersuasiveness of the model of real socialism as a whole are leading us to an impasse. This is naturally true in both internal and foreign policy. At the same time, it is unquestionably true that as the world is rid of the arms race, of the all-embracing ideologization of foreign policy (and this is specifically the kind of world we wish to build), our country will be faced with the growing need of replacing the military component of its international influence with other components—political, economic, and moral. Thus far, this replacement process is proceeding more or less satisfactorily. However, the day is obvious not far off when the political accomplishments of perestroika will be perceived as an irreversible reality, as not the final but the starting point of the USSR's interrelations with the surrounding world. When that day comes, our country will be evaluated by the yardsticks commonly accepted in the civilized world with or without compensation for fear of a military superpower that is burdened with internal problems and is therefore unpredictable in its actions.

It is the priority task of Soviet foreign policy to prepare for that day, to prevent the substantial decline of [Soviet] international influence. The question that naturally arises is: does our country really need such a high degree of international influence? After all, many countries in the world get along just fine without it. It appears that this is not so much a philosophical as a concrete historical question. Let us begin with the fact that because of its specific history and, even more, because of its gigantic size, our country necessarily has vitally important global interests. Even if we confine our interests to the perimeter of our borders, we still cannot escape the fact that virtually half of the world falls within the sphere of these interests. And if we proceed from the premise that we intend to affirm our social order in its new interpretation—humane, democratic socialism by our present and future deeds, history has simply forbidden that we should become a second-rank power.

Since that is the case, the priority task of Soviet foreign policy can be formulated as the necessity of becoming a full-fledged member of regional communities of states in Europe and the Pacific basin actively participating in the regional division of labor, in political dialogue, in cultural, scientific-technical and humanistic exchanges, that share common values with their neighbors and, above all, that base their relations with them on the strict balance of national interests. Of course, the success of perestroika is the necessary internal prerequisite to such a transformation. (Incidentally, this success is inconceivable without the most radical changes in foreign policy). As regard internal prerequisites, they naturally differ

from region to region. In the Asian-Pacific region, one such key prerequisite is the free, totally unlimited development of relations with Japan. Soviet policy will inevitably encounter growing difficulties without Japan's support and especially if it is directly opposed by Japan. It is as yet very difficult or even impossible to say concretely what these difficulties will be, the degree to which they can be overcome, and the form in which Japan's "disloyalty" will be manifested. However it is clear already today that relations with Japan must be built not only in the name of instantaneous tactical gains, but primarily in the name of future. We do not as yet have such an unclouded vision of the horizon of Soviet-Japanese relations. We continue to be inclined to weigh Soviet-Japanese relations literally on the apothecary scales of reciprocal concessions, taking our understanding of losses and gains primarily from the context of politics of the past, a little of the present, but never the future.

IV Cardinal improvement of Soviet-Japanese relations is impossible without the correct perception of Japan's national interests. Without this perception, the search for a balance of interests will be in vain. We should first analyze the reasons why we ignored this category until very recently, considering it to be unsuitable for analyzing the policies of other countries. It appears that all this was based on a dogmatic understanding of interest as a purely class category. The scenario that guided us was simple if not primitive. In an exploiter society, the interests of opposing classes are inevitably and absolutely divergent. At the same time, the interests of the exploited proletariat inevitably coincide regardless of its nationality. Thus the national interests of an exploiter state, of the selfsame Japan can under no circumstances coincide with the national interests of a proletarian state, i.e., our own state. The inevitable conclusion was that the attempt to take into account the interests of the exploiter state meant betraying one's own interests and the interests of the oppressed classes of that state. Accordingly, the balance of interests was perceived as accidental or as a tactical trap while the incompatibility of interests was perceived as a strategic premise based on fundamental theory.

The described construction is far from reflecting reality if only because the great majority of the "exploited" no longer poses the radical restructuring of society as its goal. Since that is the case, there is also no polar divergence of interests and if only in the form of a working hypothesis, it should be admitted that the coincidence of the basic interests of the "exploiters" and "exploited" within the same state is not the result of ill-intentioned machinations of the former but is a natural result of social development. This is the primary reason for the firm position of Japan's ruling liberal democratic party and of opposition parties that are loyal to the regime. It is entirely obvious that no matter what kind of ideological labels we pin on a government that comes to power in a democratic country, it enjoys greater popular support than the opposition and if only for this

reason has a mandate to express national interests. A government that abuses this mandate risks losing power. Until this happens, we must accept the national interests of the state in the form that they are formulated and declared by the government rather than the opposition forces. And it is all the more inadmissible to try to dictate to a nation-partner its "national interests."

Our practice in the recent past is a typical example of the bankrupt approach to determining Japan's national interests. How much effort have we spent trying to convince Japan that total neutrality corresponded best to its national interests, which we were even planning to guarantee! At the same time, it was clear from the very beginning that the Japanese government did not consider neutrality the appropriate embodiment of Japan's national interests, and that the ruling party did not risk defeat in the elections by proclaiming its loyalty to the alliance with the USA.

Of course, the ideas we have presented above require one substantial correction. We obviously should understand national interest to mean not just any declaration but only a declaration that the state is prepared to implement on a priority basis using the resources and means of national policy.

Given such a perception of the category of national interests, we obviously have no grounds for denying that the solution of the "northern territories" problem is for Japan a high-priority task of national policy. Considerable effort and resources have long ago been invested in the realization of this task. No serious Japanese politician, regardless of the party to which he belongs, can ignore this problem. All other Japanese national interests oriented to the USSR are expressed much less clearly and definitely. It is entirely understandable therefore that "Soviet" policy on Japan is in fact structured around the problem of the "northern territories." Thus, the search for a balance of interests between the USSR and Japan cannot ignore this problem.

A curious practice has developed in Soviet-Japanese relations in recent years: Japanese politicians that are candidates for significant official positions try to visit Moscow. In the interest of being received at a high level, the Japanese visitor usually promises not to address the problem of the "northern territories" at least in detail. Strange as it may seem, such a practice works even though no one in our country entertains any particular illusions about the possibility that Japan will renounce its demands at the official level. As a result what is essentially a "Potemkin village" is reproduced time after time with enviable constancy, which does more to hinder rather than to help our understanding of the Japanese. At the same time, it is entirely obvious that any proposals that our partners make are viewed by them primarily as a prerequisite to a serious dialogue on the "northern territories" problem.

On the whole, it appears that qualitative change in Soviet-Japanese relations will ultimately be very difficult

if not impossible (first) without sober awareness of the depth of Japan's demands, and (second) without our proper readiness to relate to them seriously and respectfully, without stopping short of self-criticism.

We alone are not to blame that the "northern territories" problem has put down such deep roots all the way from schoolchildren to the prime minister. This is how it has developed historically. The unprecedented success of Japan's economic development, which transformed it into an economic superpower, was achieved owing to its conscious rejection of active roles in world politics and its orientation toward American political leadership. Economic success and the still continuing political second-class status are in large measure two sides of the same coin. In our day, however, when practically all the economic summits have been taken and then some, the attention of Japan, the Japanese community, and the Japanese leadership is more and more oriented toward the problem of political status, the solution of which is inconceivable unless the great powers' "junior partner" complex is overcome.

However it is not easy to do this since the alliance with the USA in its present form, which irritates many Japanese, still corresponds to Japan's national interests. By force of circumstances Japan's dissatisfaction with its present place in world politics and its striving to improve this situation substantially are focused on the "northern territories" problem. It can obviously be said without special exaggeration that Japanese leaders associate the solution of the "northern territories" problem with the transformation of the country into a leading political power.

There are probably few who believe that the Japanese are hoping for the early or complete satisfaction of their demands in the peremptory form in which they are advanced today. Their adamance is closely connected with our inflexibility. Both we and the Japanese must view the solution to the problem in the form of a mutually acceptable compromise over time. But it is essential to strive seriously and purposefully for this compromise already today no matter how difficult it is for us with our internal problems and for the Japanese with their public opinion that has suggested for years the idea that there is no alternative to total victory.

From what could the first steps on our stretch of the road be formed? One of them is entirely obvious. I believe that we must terminate our military presence in the Southern Kuriles. As already noted, the stationing of Soviet forces there had a strong political coloring from the very beginning and was perceived by the Japanese as an unfriendly gesture. Today, nothing hinders us from making a completely opposite—friendly—gesture.

However, there are also variants that, while not mutually excluding one another, nevertheless essentially differ from one another. For example, it would be possible to simplify or even eliminate entirely entry visas for Japanese citizens visiting the Southern Kuriles. It would be

possible to create a Soviet-Japanese joint enterprise zone in these islands. All this is in principle in our power. Whether this will satisfy the Japanese is another matter. Their position today boils down to the nonrecognition of the Soviet Union's right to issue entry visas for islands that Japan regards as its own. Accordingly, the Japanese insist that there be no visas. But, after all, when introducing or abolishing immigration rules, the USSR is exercising its sovereignty. But Japan, demanding that we abolish entry rules, recognizes this sovereignty in fact. The main point is that the abolition of visas and the creation of a joint enterprise zone—steps that are useful in themselves—do not touch the essence of the problem.

And yet this problem is well-known to both sides: the lack of legal regulation of the boundary line. From the standpoint of international law, only a peace treaty can fix the boundaries after a war. But it, as is known, still does not exist. Hence a problem, the existence of which we factually acknowledge unofficially, but deny at the official level. But interstate relations are called interstate because everything in them is addressed at the official level. But what is preventing us from taking the step without which we can make no progress? Only dedication to the declarations of previous years, many of which will probably not stand up to criticism from today's positions.

The Soviet-Japanese dialog surrounding the problem was still reminiscent of the theater of the absurd quite recently. "The territorial question has been resolved by the appropriate international agreements," we declared. "What kind of agreements?" the Japanese asked. "Appropriate" agreements, we diffidently insisted. It is known what was concealed behind such a substantive "exchange of opinions": our striving to base ourselves on the 11 February 1945 Yalta agreement of the three great powers on Far Eastern questions and Japan's reluctance to accept it as a document defining postwar regulation. Just what is this agreement?

It is nothing other than a secret agreement of wartime allies on territorial and other rewards for the USSR for its entry into the war against Japan. It is an agreement, we add, that did not and could not go through the ratification procedure. In our day, at a time when the Second Congress of USSR People's Deputies positively evaluated the secret appendix to the Soviet-German treaty of 1939, while A. N. Yakovlev in his exhaustive speech pointed out the illegitimacy and unacceptability of the secret redivision of territory, dedication to the Yalta agreement can only be described as lamentable, to say nothing of the fact that it does not in the least strengthen our negotiating position, and only irritates our partners. Is it not time to restore justice and to say that this agreement, that did not officially figure later in the official documents of the allies is nothing more than a page—and by no means the best page—from our history.

The real difficulties that the USSR and Japan will have to discuss are numerous as it is. They are, in particular,

Japan's renunciation of its rights and claims to the Kurile Islands under the San Francisco Treaty of Peace which the Japanese side itself admits deprives it of the possibility of laying claim to the islands. The non-participation of the USSR in the treaty does not relieve Japan of this obligation; the unconvincingness or more precisely the legal invalidity of the qualification made by S. Yoshida, head of the Japanese delegation in San Francisco, that the islands of Haboman, Shikotan, Kunashiri, and Uturup are not part of the Kuriles that Japan relinquished; the previously mentioned error committed by Japan in the signing of the Joint Declaration of 1956; the *de facto* status quo of 45 years; and, finally, the public mood of both countries. It may take years of painstaking work to overcome these and many other difficulties.

But it is specifically in the process of this work that genuine mutual understanding will develop between the USSR and Japan, that the prerequisites for the truly weighted balance of their interests will originate.

#### Footnote

1. The agreement to discuss the territorial question after the restoration of diplomatic relations in the context of negotiations on concluding the peace treaty was contained in a message from A. A. Gromyko, erstwhile USSR first deputy minister of foreign affairs, to S. Matsumoto, Japan's representative. Since the USSR's agreement to relinquish Haboman and Shikotan had already been obtained, while the Japanese also laid claim to Kunashiri and Iturup, in their interpretation it was specifically the two latter islands that should have been the object of negotiations on the territorial question. And this is essentially how it was. But the Japanese in turn subsequently made a serious mistake. The previously mentioned message from A. A. Gromyko preceded the signing of the Joint Declaration on the Restoration of Diplomatic Relations. In the actual text of the declaration, there was no mention whatsoever of the agreement to discuss the territorial issue. The priority of the Joint Declaration, which was signed and ratified later, over A. A. Gromyko's message is clearly obvious from the standpoint of international law. The alternate reading that thus originated must formally be interpreted in favor of the Joint Declaration. I think, however, that the agreement to discuss the fate of the islands of Kunashiri and Iturup retains its significance as a definite moral obligation of the Soviet side.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

#### Problems of German Unification

904M0015C Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 68-74

[Roundtable discussion: "Unified Germany and Its Neighbors"]

[Text] *The German problem has been featured without interruption in the press of late. Returning once again to this question, which can without exaggeration be called the central question in European politics, we publish an account of the roundtable discussion on "Unified Germany and Its Neighbors," which was organized by the USSR Academy of Sciences Institute for Scientific Information on the Social Sciences [INION] on the basis of the March elections in the GDR, commentary by Ye. V. Tsedilina, candidate of historical sciences, IMEMO Scientific Associate; and an article by A. I. Kondakov, candidate of economic sciences, devoted to the economic problems of a unified Germany.*

**B. Orlov** (doctor of historical sciences). Probably no single election in recent years has attracted such persistent attention as the first democratic elections held in the GDR on the 18th of March. There are more than sufficient reasons for the heightened interest in these elections. This was the first test of the political forces in Eastern Europe in the absence of the communists' monopoly on control. The second and probably even more important reason is the way GDR inhabitants will react to different variants of German unification proposed by parties during the election campaign. What will win out: the desire to unify as soon as possible or a careful rapprochement process, taking pan-European processes in the spirit of Helsinki into account? The majority of analysts agreed that the Social Democrats would receive more than 50 percent of the votes, would form the government, and would conduct future affairs. The FRG Bundestag election results in December of this year were also predicted on the basis of this circumstance.

When the election results were published, it turned out that practically everyone had miscalculated. Conservative and liberal parties won the majority; Social Democrats tallied 21.84 percent of the votes; and former communists—the Party of Democratic Socialism won 16.33% of the votes.

One more important problem arises in this connection, specifically the possibility of forecasting political events and social processes. After all, practically no one predicted the peaceful revolutions of the fall of 1989 and winter of 1990 in Eastern Europe. In the summer of 1989, Soviet and West German participants in the Muhlheim Initiative Club discussed political processes in Europe and it did not occur to anyone that the situation would change so rapidly in half a year and researchers would no longer be discussing whether or not German unification was possible but only how soon it would come and under what conditions. And now finally the March elections in the GDR. Once again, the forecast did not come true. One can express an opinion concerning one of the main reasons for this situation: the rate of political development is so rapid that there is not enough time to assimilate them.

One more example. I was invited to a congress of FRG Social Democrats in West Berlin, where they were in the process of adopting their new program. The congress opened on 18 December and I fear that none of the delegates and visitors at the congress could have imagined that the notorious Berlin Wall would begin crumbling in a few days and that Kohl and Modrow would pass through the Brandenburg Gate over the Christmas holidays and would shake one another's hand. History has never before known such speed.

But let us turn to the election results in the GDR. It does not seem to me personally that GDR Social Democrats lost these elections. I again cite my own observations. As a visitor to the congress I had the opportunity to pass through the famous Checkpoint Charlie to East Berlin and to attend a meeting with GDR social democrats. They were friendly young people 30 years of age or older who conducted themselves with dignity. But one could see concern in their eyes. What responsibility had descended on these people who just a couple of months ago were called dissidents! The party platform. The practical action program. The unification of Germany. They had to develop their stand on these problems on the run. They had to create organizational structures. They had to attract new people. And the fact that they were able to get one-fourth of the GDR adult population to vote for them in 2.5 months is not at all bad.

I believe that the "Democratic Socialists" won the most. Considering only the facts from the lives of former party bigwigs and the activity of security organs that entangled the entire republic with a network of informers became known to the population. The party leadership was taken over by new people who found the courage to take responsibility for what had been done, to revise the program, and to get rid of unscrupulous people starting at the very top. This was an edifying example!

A participant in a press conference held after the elections shouted: "the elections were won by bananas." This was a reference to the fact that the West German Christian Democratic Union had thrown scarce fruit on the market before the elections. Disrespect for the GDR population is concealed in such an assessment. But why should the GDR population eat worse than residents of the FRG? They voted for a party which through its policy and especially its able management eliminates the necessity of standing in line for those selfsame bananas (naturally if they are "thrown" on the market). Their desire to live better is understandable. It was a tribulation to watch how things were going with their countrymen over the "wall." I do not like the expression "the people are always right" because the people's trust is as a rule abused by populists of all hues. And this is what happened. A precise cross-section of the sentiments of various strata in the GDR.

But as regards the unification of Germany (but not reunification within the old borders) I have already long ago expressed my point of view: the Germans, like all other peoples, are entitled to a unified nation. But here a



mighty power arises in the very center of Europe. It is now a giant no longer just economically but politically as well. How should we relate to it? If this unified German is democratic, the rest of Europe can sleep soundly. It seems to me that democratic reforms have become firmly entrenched in the FRG in the last half-century. In this sense, much more concern may be generated by the GDR where nationalistic elements have become more active. There is no need to keep Germany under the lock and key of neutralism. This would specifically promote nationalist sentiments and would provide a basis for protests against a "new Versailles." And indeed it would not be wise to subject a great nation to this kind of discrimination. It is not terrible if a democratic united German remains within the NATO system because NATO is far from being the aggressive organization that we told ourselves it was in all the past decades, providing an excuse for new armaments as a result of which we exhausted ourselves. It is an alliance of democratic countries and a unified democratic German will occupy its appropriate place among them, not generating fear on the part of its neighbors, especially its Eastern neighbors, especially if we think of their problems with the Warsaw Treaty [Organization]. Finally, we must also remember that the FRG is a component part of the European Community whose members are also democratic countries. There has never been such a democratic "background" in and around Germany: It is a fundamentally new situation with a fundamental new substantiation and with the realization of each country's interest. The shadow of geopolitics of the past hangs over all of us. It is not easy to free ourselves from it. It is not necessary to "keep an eye on" Germany. Instead we must establish together with it a system of interrelations under which the existing potential for economic dynamism, democracy, and humanism would work for the good of others. Germany has been given the chance to prove that it is the source not only and not so much of war as the source of good toward other peoples, close and distant.

**O. Salkovskiy** (doctor of economic sciences). Why did neither our specialists nor Western specialists predict the events in the GDR? The very fact of the revolutionary explosion that was marked by the fall of the Honecker regime and the Berlin Wall should be explained by the radical change in the general political situation in East European countries and especially the Soviet Union, which also made it possible for the people to vent their dissatisfaction that had been building up for long years in the GDR. It is extremely difficult if not entirely impossible to make long-term forecasts in this area. Nevertheless, however unusual the form, however grandiose the scale of the events in the GDR, they cannot unequivocally be considered as a bolt from the blue. Political tensions in the GDR grew systematically stronger on a socioeconomic basis.

The advantages of the FRG over the GDR became increasingly obvious since about the mid-'60s (it is not by chance that it was during this period that the Berlin Wall was erected, hundreds of kilometers of barbed wire

were strung along the border, minefields were laid, etc.). In the FRG the real income of the working people rose at quite a rapid rate, the system of social payments from the state budget and private entrepreneurial profits improved, the number of persons working for hire in the sharing of joint-stock capital expanded, etc., which in their aggregate created a very convincing picture of the superiority of the FRG over the GDR in the socioeconomic status of its population.

The GDR leadership did not succeed in hermetically insulating the inhabitants of the GDR against the possibility of comparing their living situation with the situation in West Germany since information filtered through from West German television and the personal impressions of the few citizens of the GDR who made short visits to the West. The East German people reacted especially painfully to the privileged position of the hierarchy in the party-government apparatus. The social neediness of the majority of the GDR population compared with that of West Germany was identified with the "attainments" of real socialism, while the higher standard of living was identified with the social system existing in the FRG.

The economic and social adaptation of the GDR and FRG is an extremely difficult problem. The discussion is of two parts of Germany with sharply different economic structures.

In the FRG there has been an extremely timely reorganization of the branch regional structure of the national economy in the last 2 decades. The GDR, on the contrary, has preserved the traditional industrial structure. This will inevitably cause significant financial problems when the two Germanys are united. The implementation of structural policy in the FRG demanded enormous capital investments, which will also confront the GDR with similar tasks. From a technical and technological point of view, the majority of industrial enterprises in the Eastern part of Germany are unprepared to produce goods that can be competitive in Western markets. The depreciation period of basic equipment in the GDR is usually 3-4 times higher than in the FRG. This is why I am convinced that it is wrong to assume that West German entrepreneurs will have the reckless desire to buy up enterprises in the GDR quickly.

Organizing the structure of the national economy and reequipping the industrial apparatus of the GDR presuppose enormous investments that are beyond the country's financial resources. This confronts the West German side with the necessity of developing its own "Marshall Plan," i.e., healing the GDR at the expense of the FRG.

The prospects for expanding the FRG's sales market in the event of the unification of the two Germanys are also problematic. In the area of consumer goods, this potential is based on the relatively low level of the GDR population's purchasing power. The problem of raising



the level of the real wage in this part of Germany is also without ready solutions as yet.

A few words about party-political changes that are taking place with the rapprochement of the two Germanys. Economic and social conditions in the FRG in recent years have been working for the conservative forces (CDU/CSU) since a significant part of the population in both parts of Germany ascribe economic and social successes to these political forces, while they identify leftist parties, including the social democrats with the total failure of Marxist socialist ideas. In connection therewith, a right-wing orientation in the party-political arena in both parts of Germany is entirely likely.

A. Ampleyeva (junior scientific associate). When discussing the German question, it must first of all be remembered that it made itself known not in the 20th century, after the end of World War II, as we are sometimes inclined to believe, but has a history dating back to past centuries. The creation of a unified state, which is the basis of the German question, was the constant goal of the German people for a long period of history. While the main problem—unification—remained, the German question did not stay the same, but acquired different modifications connected with one or another historical period. And only in the times of Bismarck was a unified German state created with Prussia at its head. This state (which did not include all German territories) existed approximately 70 years until fascist Germany was crushed in World War II, whereupon the German nation once again lost its status as a unified state.

Other European countries moved far ahead in this respect, creating their own national state formations and opposed the formation of a powerful united German state, viewing it as a competitor and a possible military adversary. This situation created in Europe a confrontation of forces that did not wish to have a powerful neighbor, with forces striving to strengthen their positions through national unity. It should be noted that history confirmed the fears of the European states—a powerful, unified Germany launched two world wars. And in our day, when the question of the nation's unification is once again raised, the neighbors of the two Germanys are once again cautious toward these German aspirations. Such concern, which is accompanied by historical memory, is natural and cannot be ignored.

However, Germany started the world wars under the undemocratic regimes that existed in the country at the time. It must be remembered that the consciousness of the bulk of the population was in accordance with the structures of these regimes. As regards democratic structures during the period of the Weimar Republic, they had only begun to function, were imperfect, and were quite fragile. It was specifically under these conditions that the National Socialist Party offered the German man in the street a "strong hand" and he took it.

After the defeat of fascism, the Germans, who found themselves in the position of a conquered people, learned serious lessons and came to understand what dictatorship and totalitarianism were on the basis of their own historical experience. When the war ended, democratic forces in Germany immediately began creating new structures, the model of society that would be able to withstand the possible emergence of a new dictatorship, and would create democratic basis for a state structure.

Today, the FRG, which has been treated with mistrust and whose strengthening in the event of its unification with the GDR has been feared and continues to be feared by European states, is a country with a democratic structure and democratic traditions. We also have before us a different type of German today—a German who has experienced the horrors of fascism and has rejected it; a German whose consciousness was formed under the conditions of democracy, under the conditions of a changing world that primarily emphasizes common human values, a world in which mankind is confronted with common tasks including the task of survival. Democratic state structures as such reject war. War is born primarily of authoritarian and totalitarian regimes. And today it is unlikely that Germany and other countries with developed democracies will want to launch conflicts to say nothing of wars.

What is more, integration processes that have resulted in the creation of new economic, political, and social structures have become an integral part of life in the Europe of today. The FRG, which is involved in European processes, has become a part of the European Community and European interests. The confrontation of forces connected with problems of a unified Germany, that has existed for a long time in the history of Europe, is thereby gradually eliminated.

The optimal and least painful variant of unification of the two German states can obviously be conceived within the framework of the pan-European process. However, in the process one must not forget internal German problems that will in turn exert pressure on the course of unification and make its own corrections in the process.

But as regards the GDR election results, the victorious conservative bloc in the GDR and especially the Christian Democratic Union should be identified as one of the reasons why the voters rejected the Ulbricht-Honecker regime.

It should also be noted that the growth of influence of the Christian Democratic movement is also seen in other East European countries including the Soviet Union where a Christian Democratic Party has been established. The ideas of the Christian Democratic movement are increasingly penetrating people's minds; the position of the corresponding parties is being strengthened. Unfortunately, it should be noted that our political science does not devote sufficient attention to the study

of Christian Democracy and its political parties. It does not appear that such a situation can in any way promote the analysis or forecasting of the events that are taking place in Eastern Europe. The reason why the GDR election results surprised us probably lies here to a certain degree.

A very strange stereotype developed among our researchers who rebuked the CDU for winning the election without having done anything to develop the nation's democratization process. However, the CDU was not as compromised as the Social Unity Party of Germany and this could not but give it a certain share of the success in the elections.

Lothar De Maiziere sees the unification of Germany within the framework of the pan-European process. He also believes that the interests of neighboring states must be taken into account. In the opinion of the CDU (GDR) the unification of the two parts of Germany must be based on Article 23 of the Fundamental Law of the FRG, i.e., it is proposed that this law be extended to the GDR. East German conservatives thereby support the path of unification proposed by the conservative bloc in the FRG. As is known, this is not the only point of view in the GDR and FRG. Another approach is also seen among the Social Democrats and other parties. As a result of this, the process of reunification of East and West Germany will be accompanied by the resistance of opposing forces and will require the search for agreement between them on ways of creating a unified state.

**V. Lyubin** (candidate of historical sciences). B. S. Orlov expressed a number of thoughts concerning the election results in the GDR and reproached political scientists for not being able to predict the outcome of the elections as behooves them as professionals. I would like to supplement his remarks and debate certain points with him.

The important point in my view lies in the general tendency that was widely reflected in many publications of our institute starting with the mid-'70s, when the neoconservative wave clearly took form and became to gain momentum. Conservative, right-wing ideas will clearly dominate the European scene in the foreseeable future. The ideas of the left, the ideas of socialism that have gone through the severest crisis, possibly the most serious in the 20th century, are as yet doomed to retreat and probably will acquire their previous force only after a good 10 years. I believe that in order to be successful today, leftist forces must consider and apply the national idea in their arsenal. After all the right-wing forces always use it skillfully, especially at the present time.

It is therefore not surprising that the right-wing parties in the GDR were victorious, exploiting both this general tendency and the entirely understandable growth of national German self-awareness under the conditions in the nation and the striving for immediate German unification promised by the Western CDU/CSU and Chancellor Kohl. Here I emphasize the point of view expressed by B. S. Orlov that the majority of the GDR

population was tired of living under the conditions of so-called socialism, the more so that there was a totally different standard of living next door. It is entirely natural that the majority of the GDR population is now turning to the church and the political forces connected with it. Traditionalists, conservative, national, and even nationalistic factors play no small part here. From a theoretical point of view, all this can be regarded as the cost of the democratization process, of Eastern Europe's transitional period in the movement toward true democracy, but these factors are too powerful for sober-minded politicians not to take them into account in their practical activity, in the formulation of the medium- and long-term political course. Real opposition to European unification processes is at hand.

There is nothing out of the ordinary in the fact that 59 percent of the workers, whom we are accustomed to considering the "most progressive class," voted for the conservative alliance, and that this preference was also given to the alliance in the countryside: it has long been known that the great majority of the electorate of Christian Democratic parties in the West consist by no means of representatives of strata that we call bourgeois, but rather consist of representatives of the working people, among them—the working class and the peasantry.

There is something else that was astonishing and truly unexpected—the number of votes that were cast for the PDS [Party of Democratic Socialism]. I agree with B. S. Orlov that this party was able to mobilize for the election campaign in a very short time, to decisively distance itself and purge itself of those moments and those people who in previous times had so undermined the prestige and authority of the former Socialist Unity Party of Germany that it appeared that even its successor would have no future.

I would also like to call attention to the role of the personal factor. Unquestionably no small part in the success of the PDS, which gathered more than 16 percent of the votes, was played by the fact that Hans Modrow, the most popular figure in the country's political arena, affiliated himself with the party program on the eve of the elections and his authority and position meant a great deal to potential voters on the left. Of course the similarity between the political programs of the PDS and SDP [Social Democratic Party] (which, having just been created and not having sufficient strength and confidence, was immediately thrown into the teeming election campaign) could not fail to cause confusion on the part of advocates of the socialist idea who came to the ballot box and the parties were forced to take votes from one another.

**T. Matsionashvili** (senior scientific associate). In connection with the victory of the Christian Democratic party in the GDR, there arises the question of how this will influence election results in the FRG itself in December 1990. It does not seem to me that the success of the CDU in the FRG will be predetermined by the elections in the GDR. The situation in the FRG may prove to be

unpredictable to a no lessor degree because the rapid turns of events are accompanied by rapid fluctuations in the voters' moods. And it cannot be said whether the content of the events will influence the Christian Democrats.

There were two factors at work in the GDR on 18 March: the striving for immediate unification and the hope for a "second economic miracle" in connection therewith. People followed the ones who promised a simple solution to the problem: let us vote for the CDU and money will flow to us from Kohl. But the question is far from being so simple. Christian Democrats in the FRG awakened GDR citizens' expectations that may prove to be excessive. The impression is created that the Christian Democrats are inclined to listen only to those who talk about the favorable long-term prospects of German unification, promising a new "economic miracle" based on the solution of the FRG's problem of excessive supply and insufficient demand; considering the pluses of immediate unification, its advocates lose sight of the minuses, of the development of most serious problems in both parts of Germany, especially in the social sphere.

The first to point to this circumstance was Oskar Lafontaine (nominated by his party as the basic candidate for chancellor), who is not filled with national euphoria, who soberly evaluated specifically the immediate consequences of hasty unification. He called first of all for halting the avalanche-like flow of resettlers from the GDR, which brought a storm of rebukes down on his head. But according to the fundamental law of the FRG, the annexation of new land means equal rights for all new citizens. The West Germans are already afraid that their own status will worsen as a result of this. Of course, it is impossible to immediately provide the population of the GDR, where labor productivity is lower, wages and social services on a West German scale. It is also difficult to imagine the rapid structural change that is taking place in the economy. There arises the danger that the social insurance system and the labor market will become destabilized (more than 240,000 unemployed resettlers were registered already in January 1990 in the FRG), and there are growing difficulties with housing, with schools, and with vocational and higher education.

Advocates of rapid unification have also lost sight of the problem posed by the new states [*Laender*] that will become part of a united Germany. And, after all, the "great resettlement" can drain the GDR, thereby causing its economic and social plight to worsen. Lafontaine also pointed this out when he emphasized that the exodus of the best part of the work force from the GDR will lead to major changes in demography and in the structure of the labor force.

Germany's future is most closely connected with the future of European construction which, as the Social Democrats believe must not be slowed down in any event by a "mindless policy" on the German question.

It seems entirely possible to me that there might be an economic upsurge in the GDR and a "second economic miracle," this time for a unified Germany, but here it is obviously very important what comes first and what comes next. Will unification come first and will the host of problems that are arising then be addressed? It would seem simpler to promote the development of new states [*Laender*] when living under the same roof. But it only seems simple. K. Schiller, well-known Social Democratic politician and former economic minister during the period of the "big" and "little" coalition believes that a firm economic alliance between both parts of Germany must be the prerequisite to an "economic miracle." But such an alliance can be achieved only as a result of a process, the duration of which no one can predict—the process of economic reform in the GDR oriented toward a market economy without attempts to combine central planning with the market economy. In his opinion, the fear of chaos is unwarranted. There was no chaos in 1948.

Lafontaine and Schiller are evidently right on the question of "what comes first and what comes next"—first, economic, monetary, and social union and the equalization of conditions within the framework of dual statehood in both parts of Germany, and only then, unification. This transitional period could be best managed by the government of the "big coalition."

**T. Parkhalina** (candidate of historical sciences). After the Soviet Union advanced the idea of the "common European home," Western political scientists predicted a situation connected with the emergence of an autonomous and not a pro-Soviet pan-German pole in Europe. This hypothesis became a reality after the events in the GDR in the fall of 1989 and especially after the elections in the GDR. Sentiments in official circles in the FRG in this regard are largely being accumulated in H. Kohl's graduated plan calling for cooperation on a significant scale and the creation of "confederated structures" in the two German states with the subsequent federation of Germany on the condition that free elections be held in the GDR (which did take place). However, the reaction of Kohl's EC allies forced him to shift emphasis from the "restoration of Germany's state unity" to giving top priority to integration processes in Western Europe and the Helsinki process. Most West European politicians believe that European confederation must precede German confederation (F. Mitterand). Eppler believes that if both parts of Europe begin to grow together, then both parts of Germany should grow together but in such a way as not to hinder or block the growing together of Europe. O. Lafontaine, prime minister of the Saar; deputy chairman of the Social Democratic Party of Germany, declared that the Social Democratic opposition in the German question must concentrate on the unity of people and not on state unity.

Thus the German question has again acquired decisive significance for the fate of Europe and the world. The military-political status of a unified Germany is one of its aspects. The Soviet Union initially declared that

Germany must be neutral. The West (including the FRG) has insisted and continues to insist on the inclusion of Germany in the Atlantic alliance. In the principal report at an extraordinary session of the West European Union, it was proposed for the first time that a united Germany be integrated in the collective European security system.

If both sides were to uncompromisingly defend their positions, the result could be another stalemate that the history of our continent has known. But what if it is agreed that Germany's membership in NATO is not such a terrible thing? In fact, precisely the reverse may be true. After all, NATO, considering the position of France, Great Britain and the USA, might become a control mechanism capable of preventing a turn of events that might be undesirable for all Europe and the world. At the same time, it must unconditionally be borne in mind that the rights of the Germans are exercised to the maximum only in the process of eliminating all factors that led to the division of that country, of everything that is potentially fraught with a new Cold War, and in the process of further disarmament, the transformation of blocs, and the creation of a new structure of European security and cooperation.

In connection with the development of the European situation and the creation of a new European architecture, a number of political scientists (A. Baring, A. Mink) are also talking about the possible reestablishment of "Central European Space" (Mitteleuropa), since today those countries that were once part of the Austro-Hungarian Empire are expressing the desire to once again acquire an identity that would protect them from the influence of the great powers (above all, Austria, Hungary, Slovenia, and the southern part of Poland). Ecological danger (especially after Chernobyl) has, in addition to other things, become an integrating factor to them. If such a specific pole emerges, the Soviet Union may be faced with a complex of problems of a political and economic nature.

But it appears in general that with the realization of the idea of European unity, be it the "common European home" or "European confederation," decisive significance will belong to factors not of a military-political, but of a humanitarian nature because European unity is more a cultural, moral, and ethical than a political, military, or economic question. A. Berk, secretary general of the Council of Europe, described European architecture in very graphic terms: it is a building with three floors. Its foundation is the Council of Europe; the first floor is European cooperation in the sphere of culture, human rights, and environmental protection; the second floor is the European Community; the third floor consists of countries that maintain close economic cooperation with it, and other groupings in Europe.

Great hope in this regard is placed in the CSCE process as a factor that promotes the creation of relations of mutual understanding, trust, and the spiritual atmosphere that will enable us to feel that we are not only

Russian, French, German, but European as well; that fosters a unified European self-consciousness based on the understanding of the communality of the peoples of Europe in addressing the fundamental questions that confront mankind.

**V. Lyubin.** European politicians are considering the future unification of Germany in the framework of the European community, NATO, and the pan-European process. If we view the nation's unification through the eyes of its European neighbors, the view from the Italian "corner," for example, appears as follows. Politicians (Andreotti, Forlani, De Michelis, and others) defining Italy's present political course in their latest speeches emphasize that it is necessary to strengthen the Europe of the Community without allowing the rebirth of particularism and nationalism and to preserve the viability of NATO and the American military presence in Europe. A unified Germany must become a decisive part of both the Community and the Atlantic alliance. All this is of no little importance considering the fact that Italy will occupy the post of chairman of the EC as of 1 July 1990.

Very illustrative in this regard are ideas expressed by G. De Michelis, Italian foreign affairs minister and a socialist, in February 1990. The minister noted that the reunification of Germany will resolve a problem of 10 years standing, when the FRG was the driving force behind the Western economy, because it wanted to shield itself from inflation and preserve its economic equilibrium. Present internal political considerations will encourage the Germans to play the role of this driving force and that which must be done for unification will accelerate the rate of development of the West German economy and may lead to its overheating.

**B. Orlov.** As the military say, a non-T/O [*vneshnatnaya*] situation has developed in and around Germany. It requires non-T/O thinking and non-T/O solutions. The first reaction—to take the Germans' arms away from them and put them under control—attests to the political culture that formed back then when the fist—first, simply a fist and then a tank and finally nuclear fist—was considered the most reliable political means. We must bid farewell to such a vision. Whether we wish it or not, bloc policy is more and more becoming the model of interrelations of the past. It is being replaced by the collective security system. The problem of a unified Germany and relations of its neighbors with it within the framework of Europe living on the basis of the Helsinki principles is seen in such a complex scenario in which blocs gradually depart from the scene and are replaced by a collective security system.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

### The First Stage of German Unification

904M0015D Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian  
No 8, Aug 90 (signed to press 17 Jul 90) pp 74-79

[Article by Ye. Tsedelina: "Unification: The First Stage"]

[Text] The unification of the GDR and FRG will inevitably lead to the establishment of an economic colossus in the center of Europe capable of appreciably influencing the future course of the continent's development. And there is no longer a force that could turn this movement backward. "The European scene has changed overnight. Germany..., casting off a gigantic shadow, is again entering the arena. For the first time since 1945, it is the subject not the object of action. No one expected this, no one—not even the Germans themselves—was prepared for this. They can no longer do otherwise. They have been caught and are being carried by the flow."<sup>1</sup>

An important stage on the road to German unity was completed on 18 March. The process that lasted several months developed so dynamically and unpredictably that it seems necessary to dwell on this conditional turning point and to analyze its genesis once again.

At the end of the '80s, Europe entered a transitional period that opened the door to a new political order. The new thinking that is the basis of USSR policy has promoted the normalization of relations between East and West as well as democratic reforms in East European states. As a result, objective conditions making it possible to overcome the division of the continent, to lay the foundation of the future "common home" formed for the first time in postwar history.

The conception of peaceful European construction advanced by the Soviet leadership placed the unification of Europe on the plane of practical politics and naturally revived the discussion of the "German question" in FRG political and scientific circles. If the division of Germany was perceived as proper in a divided Europe, the unification of Europeans under one roof presupposed at least the development of theoretical approaches to the solution of the "German problem." Bonn keenly followed all pronouncements by Soviet leaders and experts that in one way or another pertained to the division of Germany. But the USSR's policy on Germany retained its continuity and essentially did not open up any new horizons to those favoring the country's unification. Moreover, E. Honecker's political course, which was directed toward cementing the Germans' dual statehood, made reunification still more illusory.

To all appearances, these problems would have remained the subject of internal political discussion and scientific research in the foreseeable future, had it not been for the events that literally shook the GDR in early autumn of last year. Even though democratic reforms here began significantly later than in a number of other East European states, their intensity has surpassed the

boldest expectations. By that time, the dissatisfaction of the nation's population with the deteriorating economic situation, with the lack of freedom and law, with the ruling hierarchy's abuses, and with the Socialist Unity Party of Germany leadership's distancing itself from processes taking place in the USSR, Hungary and Poland reached its apogee. The situation was aggravated still further by the fact that many citizens of the GDR viewed the socioeconomic well-being of the FRG as an alternative to their own way of life. What is more, the FRG's consistent German policy in the '70s and '80s promoted the development of inter-German relations and the significant strengthening of the Germans' feeling of national communality. Under the influence of the enumerated factors and in connection with the opening of the Austro-Hungarian border, "voting with one's feet" against administrative socialism acquired mass character in the GDR. An internal political crisis developed as a result.

In the GDR the government and leadership of political parties were replaced entirely in record time under powerful pressure from below. Most affected by the crisis was the Socialist Unity Party of Germany whose membership declined by more than 500,000 in a few weeks. New organizations and parties consisting of forces that were opposed to the previous regime appeared on the political scene. A decision by the authorities gave GDR citizens the unrestricted right to travel to foreign countries and to settle in the FRG. The Berlin Wall "fell" on 9 November.

Nevertheless, the measures taken have not reduced the scale of emigration. The mass exodus of skilled young people to the West has had a destabilizing influence on the economic situation, causing an acute shortage of working hands. The situation has been further aggravated by illegal exports of goods and money resulting from the opening of the borders. The living standard in the GDR had to be raised quickly and significantly in order to stabilize the situation. This required immediate, effective aid from the FRG. At the same time that East Berlin, under the conditions of democratic reforms, was counting on the economic support of a "rich relative"—the FRG's German policy in the '80s was oriented toward granting material aid in exchange for the relaxation of the Eastern regime—Bonn made its own assessment of the existing situation. The reunification prospect which seemed remote yesterday has taken on real form before our very eyes.

These different approaches have been reflected in conceptions of development of inter-German relations under the new conditions. In November, H. Modrow, the head of the East German government, proposed that the GDR and FRG establish a contractual community [*dogovornoye soobshchestvo*] providing for the implementation of a complex of bilateral agreements in all spheres of the economy while strictly observing state sovereignty. On 28 November, H. Kohl, FRG chancellor, presented his 10-point program in the Bundestag

which presupposed the conversion of interstate cooperation to a qualitatively new level while preserving the independence of the GDR in questions pertaining to foreign policy and security policy in the first stage. Economic aid to the GDR was made conditional upon its fulfillment of a number of preliminary demands, in particular, the Socialist Unity Party of Germany's relinquishment of its monopoly on power, the holding of free elections, and the adoption of a market economy which Kohl believed should lay the groundwork for the second stage of rapprochement of the two Germanys—the creation of confederative structures. A German federation was proclaimed to be the end goal. "We are also prepared," H. Kohl declared, "to take one more step, specifically to establish confederative structures between the two German states with the aim of establishing a federation, i.e., a state federal order in Germany."<sup>2</sup> Thus his plan, unlike Modrow's plan, was directed toward the formation of not only an economic alliance but a political alliance as well.

The orientation toward state unification contained in the federal chancellor's conception was noticeably disquieting to the states that were the guarantors of the present status of the GDR and the FRG. The rapid reunification of Germany, considering its economic, political, and military weight, as well as its geostrategic position, before the creation of cooperative security structures designed to take the place of the fragile "balance of fear," could lead to political instability and aggravate the already unstable situation on the continent occasioned by the continuing reform process in the East European countries. Therefore, the USSR, while not disputing the Germans' universal right to self-determination, at the same time emphasized that the interests of stability under the existing conditions dictate that the European question must have priority over the German question.

The Western powers also took quite a rigid position. France displayed special concern over the possible unification of Germany. This was the result of France's historical experience, geographical location, and fear of the rebirth of German militarism. What is more, Paris, which is a traditional competitor of Bonn, did not want to allow its principal opponent to grow economically and politically stronger. France's particular sensitivity to the German problem was evidenced, in particular, by F. Mitterand's hasty visit to the USSR soon after the Kohl plan was made public. In the course of the visit, it was emphasized that the plan presented by the federal chancellor increased the risk of destabilizing the situation on the continent; that consideration of the interests of the victorious powers as well as of neighboring states was an important condition to the unification of the German states; that priority belonged to the unification of Europe rather than the unification of Germany. Mitterand's visit to the GDR confirmed France's interest in maintaining the existing status quo for the foreseeable future.

Washington, like Paris, considered the question of German reunification premature. While supporting France's desire to slow down the German process, the

USA primarily feared the possible undermining of political stability rather than the domination of the continent by a unified Germany. In this regard, special importance was attached to the idea that the unification of Germany should parallel the unification of Europe.

London proceeded from the premise that the unification issue was not on the agenda at all, that both military alliances must be preserved for the foreseeable future, and that the German question should be discussed only after they had been gradually demilitarized.

Thus, all of the FRG's allies, while not denying the Germans' right to self-determination, connected the German process to the European process and thereby in fact indicated their preference for preserving dual statehood for Germany.

At the same time, it was obvious that the allies would not oppose the German process at the price of inevitable confrontation with Bonn.

At the same time, the rapprochement of the GDR and FRG intensified. Trends noted in December and January in the development of relations between the two Germanys attested to the inevitability of state unification even though the question of its rate and forms remained open.

The internal political discussion that developed in the FRG embraced the problem of the inviolability of postwar boundaries, terms for extending economic aid to the GDR, and the rate of unification. In the opinion of the CDU/CSU, the question of the Eastern borders was subject to final regulation within the framework of the peace treaty of the victorious powers with Germany. The Social Democratic Party of Germany [SDPG] and the Free Democratic Party [FDP] called for the final recognition of Poland's western borders. What is more, unlike the ruling parties, the SDPG came out in favor of extending aid to the GDR without any preconditions whatsoever. The SDPG and FDP linked the German process to the European process to a greater degree than the CDU/CSU. A Social Democratic Congress in West Berlin in December 1989 emphasized that the priorities of FRG foreign and internal policy must unconditionally be subordinate to European interests. The SDPG saw the road to unity to lie in the contractual community and then in the confederation of German states, while they retain their respective membership in the Warsaw Treaty Organization and in NATO. The possibility of federation is possible after the blocs have been dissolved within the framework of the European peace procedure.

But on the whole, the federal government's position has been quite realistic. The German policy of the CDU/CSU has been oriented toward the evolutionary albeit dynamic development of events. This has been explained both by the negative reaction of all interested parties in the prospect of the early unification of Germany and by the understanding that the destabilization of the situation in Europe will become a serious obstacle

on the road to unity. Debates on the German question reached their peak in November-December and then gradually began to subside.

Nevertheless, the subsequent events emphasized what only yesterday seemed to be the most radical conceptions of unification. The internal political situation in the GDR became a destabilizing factor in the German-German process. There was the threat of a government crisis and of the formation of a political vacuum. The existing situation was based on disenchantment with Marxism-Leninism, the loss of belief in the possibility of creating a just society under socialism, and the lack of a clear conception of future development. Even after the SEPG had been transformed into the Party of Democratic Socialism (PDS) it could not restore the population's confidence and preserve its political influence. The opposition suffered from disunity and dilettantism.

Under these conditions, quite broad strata of the GDR population saw the solution to the crisis to lie in the earliest possible unification with the FRG. The certainty that unification will become the most effective means of resolving political, economic and social problems influenced the position of GDR political parties that in the course of the election campaign began competing for the best conception of the unity movement. Considering the mood of the country's population, the majority of parties rejected the socialist conception of social development in their programs.

Roundtable talks in which all parties and movements participated were held in Berlin on 28 January.

The talks produced a consensus on forming a government of national responsibility that was able to strengthen stability and to move the date of parliamentary elections from 6 May to 18 March.

However, the German process had already acquired its own dynamics primarily under the influence of the internal political situation in the GDR. Since the GDR, in which acute economic and political problems persisted, presented a danger to European stability without the real prospect of unification with the FRG, the Modrow government had to revise its conception of the rapprochement of the two Germanys. After meeting with M. S. Gorbachev at the end of January, on 1 February, Modrow came forth with the initiative "For Germany—for a unified fatherland," in which he outlined his stage-by-stage plan for unification. While admitting that it will no longer be possible to synchronize German and European processes, Modrow proposed that a united Germany have the status of a neutral state. But this conception was summarily rejected by the federal government.

H. Kohl, in particular, declared: "we are against separate actions or a special path for Germany. Therefore, I unequivocally reject the conception of German neutrality. Such a proposal contradicts the logic of the

European integration process. A unified Germany in the heart of Europe cannot occupy a special position and thus remain in isolation."<sup>3</sup>

All attempts to impede the German process were fraught with still greater instability. Under the pressure of circumstances, the victorious powers practically reexamined their attitude toward the question of the rate of movement toward the state unification of the GDR and FRG. The visit of the federal chancellor to Moscow and his talks with M. S. Gorbachev essentially replaced the question mark with a period. Moscow admitted that the Germans' state unity problem was their own internal affair. In Bonn, this position was perceived as giving the "green light" to unification. The federal government's declaration on the results of the visit emphasized: "We thank General Secretary M. Gorbachev who, in addition to the radical restructuring of his own country, has directed Soviet foreign policy into a new channel, has imparted a new dynamics and new thinking to it. This new thinking is now altering the USSR's German policy and is enabling it to solve the German question constructively, with an orientation toward the future."<sup>4</sup>

Thus the conception that presupposed the path from economic integration to political unity was rejected by life itself. Under the existing conditions, the international political aspect of the unification of the German states was advanced to the forefront. The reference is primarily to the final regulation of the question of the Eastern borders and the military-political status of a unified Germany.

The negotiating framework for solving these problems was created at a meeting of WTO and NATO foreign affairs ministers at the "open skies" conference in Ottawa. In particular, it was decided to conduct negotiations on the basis of the formula "2 + 4" (at the level of foreign affairs ministers). According to it, the GDR and FRG should address internal problems of German unity whereas foreign political problems should be discussed by 6 nations.

The inviolability of Poland's Western borders was accordingly the focal point of internal political discussion in the FRG. While confirming the FRG's dedication to all previously concluded treaties, the federal chancellor nevertheless firmly insisted that the final nature of the borders could be recognized only by the government of the future unified Germany, referring to the FRG Fundamental Law. In reality, however, Kohl feared losing votes in the coming elections of those voters who had not relinquished the idea of the reunification of Germany within the 1937 borders. This position was sharply criticized by the SDPG and FDP, which insisted on the recognition of the existing borders as final, and in addition did not find understanding among the FRG's allies.

Not wishing to complicate the road to unity with the border problem, on 8 March 1990 the Bundestag proposed that as soon as possible after the elections in GDR



both freely elected German parliaments and governments make the following, essentially identical declarations: the Polish people should know that its right to live within secure boundaries will not be called into question by German territorial claims now or in the future. The future unified Germany will regulate this question in binding international-law form in a treaty with Poland. "Such a declaration," H. Kohl emphasized, "would be a clear expression of the political will of the entire German people to recognize the inviolability of Poland's borders as the necessary basis of peaceful coexistence in Europe, with an eye to German unity."<sup>5</sup>

The military-political status of a unified Germany is the problem that is most difficult to resolve. The Western powers and the FRG firmly insist that the future German state must belong to NATO. To be sure, understanding the USSR's security interests, the West suggested a kind of compromise that boiled down to conferring special military status on East Germany's territory: NATO forces, including the Bundeswehr, would not be stationed there. There was also a proposal to keep Soviet armed forces in this territory during the transitional period. The USSR's refusal to consider this variant acceptable probably created the most serious obstacle on the road to German unity. Moscow's proposals to secure the synchronization of German and European processes through the accelerated creation of European security structures instead of bloc structures and to permit dual membership of a unified Germany in the WTO and NATO did not find support in the West.

Considering that the idea of a unified Germany's membership in NATO was sympathetically received not only by Western countries but also by Eastern countries (the Czech and Slovak Federal Republic, Poland)—primarily due to fears of a mighty Germany not bound by any alliance obligations, the USSR took one more step that corresponded entirely to the spirit of the "new thinking." At the first foreign ministers meeting of the six nations that was held on 5 May in Bonn within the framework of the "2 + 4" talks, E. Shevardnadze essentially took back the previous demand that German unity be realized only after the final regulation of the bloc affiliation of the future German state. Of course, such a step was a definite concession to the West, but at the same time it was also a concession to common sense.

Already today it is impossible to ignore the positive influence of the German process on the European process: it has unquestionably stimulated arms limitation talks and the search for new forms of European security and is forcing NATO to adapt its strategy and military structures to political changes in Europe. It was specifically the German process that was responsible for the USA's relinquishing its intention to modernize NATO's short-range nuclear systems, a point on which the USA had been considered adamant just a year ago.

Obviously the unification of the German states must be accompanied by progress in disarmament on the continent, by the creation of new, collective security structures. The proposal made by E. Shevardnadze at a meeting in Bonn on the establishment of a center in Berlin for preventing the danger of war by monitoring the military-strategic situation all throughout Europe can be considered in this context.

At the same time, intra-German rapprochement is proceeding full swing and is subordinate to its own dynamics. The rapid merger and intertwining of political, economic and social structures in the GDR and FRG are creating irreversible realities.

The Alliance for Germany, a bloc of conservative parties headed by the CDU, was victorious in parliamentary elections held in the GDR on 18 March. Contrary to expectations, the SDPG received almost two times fewer votes than the Christian Democratic Union. The CDU program, which contained the demand for the earliest possible unification and the slogan "No more socialism!" was supported. In other words, GDR citizens voted for German unity, for a social market economy, and rejected the socialist conception of social development.

After electing the new government that included a coalition of the bloc of victorious parties as well as Social Democrats and Liberals, the internal political discussion focused on the question of the mode of the forthcoming unification and specifically on which of the two articles of the FRG Fundamental Law—Article 23 or Article 146—should be given preference. Article 23 states that the Fundamental Law will take effect in other German states [*Laender*] the GDR should be divided into *Laender* in the near future—(Ye. Ts.) after their entry into the federation, i.e., in the given instance, the discussion is of Anschluss. According to Article 146, the Fundamental Law will become invalid on the day the constitution adopted by the German people under conditions of freedom takes effect.

The CDU in both the GDR and the FRG came out in favor of the first variant because in their opinion it will make it possible to preserve the accomplishments of Western democracy and will facilitate the legal regulation of social and economic problems. Proceeding from the premise that the Fundamental Law has justified itself and does not require amendment, "the federal government views Article 23 of the Fundamental Law as an acceptable path to German unity under the conditions of freedom," declared D. Wilms, minister of inner-German relations. What is more, she added "by entering (the FRG.—Ye. Ts.) on the basis of Article 23, the GDR, as a part of unified Germany, would immediately and directly become part of the European Community."<sup>6</sup>

The SDPG of the GDR and FRG, to the contrary, expressed preference for the second variant, in the belief that the new constitution of unified Germany must be adopted by all the people. However, the commencement



of the creation of monetary and economic union will mean the GDR's *de facto* repudiation of its own statehood. In accordance with the state treaty signed in Bonn between the two German states, the sovereignty of the GDR in questions of monetary, financial, budget, and tax policy will pass to the competence of the federal government and the federal bank. The social market economy with all its characteristic attributes will be the basis of the GDR's further economic and social development. "The corresponding tenets of the GDR constitution pertaining to its previous socialist social and state system lose their force." The treaty states the joint desire of the parties to make a "first significant step in the direction of state unity in accordance with Article 23 of the Fundamental Law of the FRG"<sup>7</sup> through the creation of the economic, monetary, and social union. And such a course of events seems proper. After all, strictly speaking, the discussion is not of the merger of two equally valued parts of Germany but is rather of the annexation of the weaker, Eastern part to the powerful Western part with all the attendant consequences. It should also be emphasized that the German unification process will be irreversible when the State Treaty takes effect.

The acceleration of the creation of monetary and economic union stems both from the necessity of raising the GDR population's living standard in the near future and from the desire of the FRG ruling coalition to hold Germany-wide elections at the end of the current or at least the beginning of next year thereby ending the process of state unification in this way. Even though the internal German aspect of the unification problem can be considered regulated, the question of the military-political status of a unified Germany has still not been de-bloked. While a solution that is more or less acceptable to all parties will be found within the framework of the "2 + 4" talks and will be approved at a top-level meeting of all states participating in the CSCE, there will be a new subject on the European map—a unified German state—in the foreseeable future.

#### Footnotes

1. DER STERN, No 7, 1990, p 29.
2. BULLETIN DES PRESSE- UND INFORMATION-AMTES DER BUNDESREGIERUNG, 29 November 1989.
3. Ibid., 6 February 1990.
4. Ibid., 16 February 1990.
5. Ibid., 9 March 1990.
6. Ibid., 28 March 1990.
7. "Vertrag über die Schaffung einer Währungs-, Wirtschafts- und Sozialunion zwischen der Bundesrepublik Deutschland und der Deutschen Demokratischen Republik." In NEUES DEUTSCHLAND, 16 May 1990. (The West German mark was introduced in the GDR on 2 July 1990)

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

#### Economic Problems of German Unification

904M0015E Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 79-86

[Article by A. Kondakov: "The Economic Aspects of Unification"]

[Text] The dramatic increase in the complexity of the internal political and economic situation in the GDR in recent months, which culminated in victory in the parliamentary elections on 18 March of the bloc of conservative parties advocating the earliest possible unification of Germany, noticeably intensified reunification processes. Programs for merging the two states, which called for gradually raising the Eastern part of Germany to the level of the Western part (H. Kohl's so-called "10 points" and the "Modrow plan"), have given way to plans for the virtually immediate "Anschluss" of the GDR in fulfillment of Article 23 of the Federal Constitution, and the perceptions of the political, economic and social structures existing in the West, and international obligations that the FRG has taken upon itself.

The state treaty that was concluded on 18 May and that established monetary, economic and social union between the FRG and the GDR is one of the key elements advanced by the incumbent H. Kohl government. This treaty, which took effect in July 1990, provides in particular for the immediate introduction of the West German mark as the sole currency in both Germanys. Under the treaty, wages, pensions, scholarships, apartment rent, lease payments, and personal savings of GDR citizens up to 6,000 East marks<sup>1</sup> will be converted into West German marks at the generous exchange rate of 1:1. For all other types of monetary operations, a rate of 2 GDR marks for 1 FRG mark will be established.

Responsibility for the monetary-financial policy of a unified Germany is to be transferred to the Federal Bank, with its authority being extended to the territory of the GDR. Accordingly, a directorate and board will be established in Berlin and 15 bank affiliates will be established in the GDR. The board will establish an advisers' institute that will include 10 members of the GDR government.

The formation of the monetary-economic union between the two states will be accompanied by far-reaching economic reform in the GDR. The reference is to a package of large-scale measures affecting all aspects of the republic's economic life. This means, in particular, the radical reform of price formation, its conversion to market principles, and the abandonment of unjustified state subsidies. The credit system will undergo serious reform. Such key elements of the economic mechanism

as tax legislation and the social and pension security system will also be brought closer to existing norms in the FRG.

A great deal of work remains to be done in establishing economic and legal principles for the development of free enterprise: the introduction of private property and the denationalization of state enterprises. In this connection, it is planned, in particular, to convert people's (state) enterprises into mixed companies with the participation of borrowed, including foreign, capital. It is planned to divide 225 national and regional combines into joint-stock societies and companies with limited responsibility. Private small- and medium-scale enterprises, many of which will be detached from combines, will be developed to the maximum.

When analyzing the possible effect of the monetary, economic and social union between the GDR and FRG, a distinction should be made between short-term and more remote consequences of this complex process.

For all the diversity of the assessments of the short-term consequences of German unification, it is possible to conditionally single out two basic directions around which broad discussion has developed. Representatives of the first—optimistic—direction believe that the forced creation of this union will become a kind of "new economic miracle" for the GDR and will soon bring its citizens palpable benefits. In the opinion of the majority of representatives of the ruling coalition in the FRG, especially the Bonn cabinet, the monetary union will become the FRG's "most profitable capital investment." The resources required to finance this project can be obtained from the reorientation of the federal budget without any increase in taxes. They believe that the formation of this union will appreciably promote business activity in both parts of Germany, will accelerate their economic growth, and will improve the population's well-being.

Representatives of the other—moderate—direction, while acknowledging the need to establish an FRG-GDR monetary, economic and social union, at the same time point to the high economic and social costs connected with this step. They are more cautious in evaluating the conditions of German unification and are realistic in their vision of the possible negative effects of this process.

The very adverse economic "baggage" that the GDR brings to unification is one of the main factors that will hardly make it possible to integrate the two economic systems quickly and painlessly. The republic's economic growth rates have declined noticeably in recent years (from 4.5 percent in 1981-1985 to 3.1 percent in 1986-1989). Industrial production volume is declining even in absolute terms.<sup>2</sup> The agricultural situation has deteriorated appreciably. The nation's infrastructure is in a state of neglect. The ecological situation remains extremely adverse.<sup>3</sup>

The GDR's production potential, over half of which consists of obsolete equipment, is valued at 12-13 percent of the West German potential.<sup>4</sup> At the same time, approximately 10 percent of the existing capacities are in a condition to produce goods that are competitive in the foreign market. Labor productivity in the republic is approximately 2 times lower while real wages are 2.5-3 times lower than in West Germany. Only a third of the nation's enterprises are profitable while more than half are simply operating at a loss. The indebtedness of these enterprises to the state bank is in excess of 200 billion marks.

It is estimated that the GDR state budget deficit in the current year will reach 120 billion marks and that the foreign debt will reach 35 billion marks.

Taking advantage of the open border between the GDR and FRG, between [East] Berlin and West Berlin in 1989 and the first months of the current year, over 500,000 GDR residents—for the most part, highly skilled specialists—crossed over to the West.<sup>5</sup> Even now, as a result of the exodus of skilled labor power to the FRG and the disruption of cooperative and other economic relations, 17 of the largest combines in heavy industry are on the verge of bankruptcy and are not meeting their payroll.

As a result of the massive influx of shoppers from the FRG that bought up cheap, subsidized goods (up to 10 percent of the entire commodity mass) for GDR marks obtained at a speculative exchange rate, the situation in the consumer market deteriorated sharply. There was panic that took the form of mass withdrawals of savings and hoarding.

The complex economic situation in the GDR on the eve of unification will obviously jack up the "price" that a unified Germany will have to pay for raising the republic's economy to the West German level. The greatest difficulties and tribulations will evidently fall to the lot of GDR citizens, especially the low-income population and persons with a fixed income (pensioners, students, etc.). Numerous white-collar workers, that will have to acquire new occupations with the transition to the market economy, will also find themselves in a difficult position. Many GDR enterprises that have not prepared for work under the new conditions, will be ruined and between 1.5 and 4 million persons may find themselves outside the enterprise gates in the next 1 to 2 years. The resulting disenchantment of broad strata of the GDR population who, in the graphic expression of a West German journalist, have fallen "from the fire of unrealistically planned socialism into the frying-pan of real capitalism" can lead to a new wave of emigration to the West.

According to a forecast of the Berlin Institute of International Politics and Economics, the creation of the FRG-GDR monetary, economic and social union will sharply restrict the republic's economic sovereignty and will lead to the transfer of a considerable part of its economic management authority to FRG federal organs.

Contrary to common expectations, the establishment of the German-German union will initially only increase regional backwardness and differences in incomes, working conditions, and living conditions. The conversion to West German currency may seriously undermine protective mechanisms presently existing in the GDR that counteract economic disintegration and social polarization in the nation. Serious tension may also arise in connection with the raising of the question of the legality of property relations that have formed in the GDR since World War II and the rights of former owners of land and other immovable property. In the opinion of Berlin Institute scholars, the "experiment" involving the rapid annexation of the GDR may result in the collapse of a considerable part of the republic's economy. Upon being deprived of the protection that was provided by a currency with a low exchange rate, many GDR enterprises will lose what is left of their ability to compete in the world market.

The creation of a unified Germany can also have a serious impact on the FRG economy. This will mean above all the search for colossal resources required to finance reunification processes. At the present time it is hardly possible to name the precise amount of monetary resources that this will require.

According to preliminary calculations by Western economists, the realization of this task in the next 10 years will require the federal government alone to spend between 250 billion and 1 trillion marks.<sup>6</sup> Approximately the same amount will have to be mobilized in the form of private capital.

At the present time, FRG expenditures connected with the "division of Germany" comprise approximately 40 billion marks a year.<sup>7</sup> The incipient unification process will substantially increase this "bill." Thus, the West German government estimates that every 100,000 immigrants from the GDR will cost Bonn 600 million marks a year. Considering the continuing migration of the population from the GDR and other East European countries to the FRG, the cost just to build the necessary housing for the next 4 years will be approximately 8 billion marks.

Measures connected with extending West German social security norms to the GDR will require large expenditures. Unemployment compensation payments in the next 4-5 years alone may total 20-25 billion marks a year. It will cost another 160-170 billion marks a year to raise the wages of 9 million GDR blue- and white-collar workers. To these figures, we must add the cost of improving pension security for approximately 3 million citizens of East Germany at an estimated cost of 30-50 billion marks.

The financial organs of a unified Germany will also have to take upon themselves the burden of servicing the GDR's foreign debt, the interest payments on which will reach 7 billion marks in the current year. At least an additional 3 billion marks will have to be spent each year

in connection with the conversion of the GDR in 1991 to transactions with the USSR and other CEMA countries based on world prices and hard currency. In connection therewith, expenditures to normalize the ecological situation in the GDR may require approximately 10 billion marks a year. Approximately the same amount will have to be spent (each year) to modernize East Germany's production infrastructure.

Western experts are expressing substantiated doubts that the federal government is ready to take upon itself all costs related to German unification. This is confirmed by the additional budget adopted in March by the FRG Bundestag to defray the current costs of inter-German "unification." It was a mere 6.5 billion marks. The concluded treaty on the establishment of the FRG-GDR monetary, economic and social union, which provides for the formation of a "Specialized German Unity Fund" of 115 billion West German marks over a 5-year period also attests to Bonn's attempt to reduce to the minimum the "bill" for modernizing the GDR economy. This is also attested to by the results of the May parliamentary elections in the FRG *Laender* of North Rhine, Westphalia and Lower Saxony, which brought victory to the Social Democrats who were in the opposition. The election results are viewed as a warning to H. Kohl that FRG citizens, while favoring German unification, are not prepared to sacrifice their material well-being for it.

Notwithstanding economy measures that are being taken, the need for large additional allocations connected with German unification during the initial years will evidently cause the state of the federal budget to deteriorate appreciably, will cause the budget deficit to increase (up to 4-6 percent of the GNP in the early '90s according to some estimates). A sharp reduction in the positive balance of payments of the unified German state and as a result a decline in the exchange rate of the mark vis-a-vis other leading currencies can also be expected. The possibility is not excluded that a unified Germany will become a net importer of capital for a certain time.

Considering the FRG federal government's limited financial potential and the widely advertised promises of the ruling Bonn coalition not to raise taxes, international loan capital markets may become the most likely source of the necessary financial resources.<sup>8</sup> The majority of West German economists consider 30-50 billion marks as the potential range of borrowing.

In view of the significant increase forecast for the current decade in the demand for credit resources by many capitalist and developing countries as well as by East European countries, a united Germany's entry into the international capital market as a major borrower will obviously intensify the competitive struggle in this market appreciably and will raise interest rates, the level of which may rise by 1-2 percentage points in the early '90s.<sup>9</sup>

The unification of Germany will also initially lead to the growth of inflation. At the present time, the money accumulations of the GDR population amount to approximately 180 billion East marks. When they are converted into West German marks at the established exchange rate, it is estimated that the money supply will increase by 10 percent. This will in turn affect the overall level of prices, the inflationary increase in which in the next few years may grow by 2-2.5 percentage points.

The objective course of inter-German unification might introduce new features in the West European economic integration processes. In particular, the sharp reduction in the financial potential of the FRG, which until recently was one of the largest net donors to the European Community (EC) budget<sup>10</sup> will obviously weaken the financial position of the "12," and will confront them with the necessity of trying to find the needed monetary resources immediately.

Considering the leading position of the West German mark in the European monetary system, the predicted weakening of its position in the initial stages of inter-German unification may intensify monetary instability in the EC, may postpone plans for establishing the monetary union of the "12," and may impede the implementation of plans for the more intensive integration of the Communities in the monetary and financial area.

Serious questions also arise in connection with the mechanism for integrating the Eastern part of a unified Germany into the EC, with the extension to it of the norms, rules, and procedures operating in the Communities. All these circumstances may substantially slow down the implementation of the program of the "12" for forming a single internal market and will reduce the overall tempo of their progress toward "Europe-92."

On the whole, analysis shows that the short-term economic consequences of a unified Germany will be varied and contradictory. At the same time, as time goes on the initial negative effects of the "merger" of the two different economic structures into a single whole will gradually be nullified thereby creating conditions for dynamic economic growth and for strengthening Germany's positions in the world economy. As a result, in the longer haul, inter-German unification processes will evidently have a positive economic impact both on the German states themselves and on neighboring countries and, on a broader plane, on the European continent as a whole.

Progress toward inter-German economic unification will be accompanied by the acceleration of the technical retooling of East German industry, by its conversion to world quality standards, and the strengthening of its competitive positions. Working and living conditions in both parts of Germany will be gradually equalized and regional disproportions will be eliminated. The degree of social polarization of German society will be reduced.

The creation of adequate economic structures and mechanisms in the GDR will be accompanied by the intensive development of new forms of cooperation with FRG firms in the form of joint ventures, industrial cooperation agreements, etc. Characteristically, in the 3 months alone that have elapsed since the creation of the first German-German joint venture of the "Robotron" Combine and the Munich "Pilz" firm in late 1989, official permission has been granted to establish another 386 joint firms. The card catalog of the Union of German Chambers of Commerce and Industry (FRG) has already accumulated 7,000 proposals on cooperation, including 4,000 from the GDR. By March 1990, approximately 1100 joint ventures, in which 140 West German corporations were involved, had been established in the GDR.

According to a representative poll conducted in the FRG, one-fourth of the West German enterprises plan to establish a joint firm with a GDR partner, 15 percent of all FRG enterprises are planning to farm out orders received by them to the GDR (the share of such enterprises up until now is only 3 percent), and 12 percent of the firms intend to invest capital in the GDR.

An appreciable increase in export activity of a unified Germany and its more energetic struggle for the world market can be expected in the second half of the current decade. Regions that either previously belonged to Germany or that were in the sphere of its economic interests (the Sudetenland, Silesia, Transylvania, Kaliningrad Oblast, the Baltic Republics) will evidently become the priority spheres of foreign economic expansion.

These processes will be accompanied by the growth of the positive balance of payments for current operations, by the strengthening of the position of the mark in the world monetary system, by the gradual emergence of the German state as a leading net exporter of capital.

Obviously, all these factors will stimulate the strengthening of a united Germany's monetary-financial position and the acceleration of its economic growth. Their positive effect will extend all throughout Europe, generating a general rise in the level of business activity on the continent and ultimately throughout the entire world as a whole.

Thus, German unification processes in the medium term will evidently lead to the formation of a new economic superpower with a population of 80 million persons occupying third place in world GNP and first place in the volume of exports. According to NEWSWEEK, the two former superpowers, which are straining under the load of military expenditures, will be joined at the political summit by economically effective giants—Japan and Germany, one of which is trampling the Pacific region and the other Central Europe. The countries that were defeated in World War II may be numbered among the economic and political victors in the Cold War.

The emergence of a unified Germany accounting for almost a fourth of Western Europe's production potential into a dominating role in European politics and

economics will obviously disrupt the postwar balance of forces in Europe, will introduce qualitatively new features in the entire complex of relations on that continent, in the character and mechanism of relations between East and West.

The unification of the FRG and GDR, which are our major partners in Western and Eastern Europe, respectively, can also have serious consequences for the USSR.

The creation of the German monetary-economic union and other measures within the framework of the inter-German unification process will obviously have a profound impact on the state and prospects of development of our production, trade-economic and scientific-technical cooperation with the two German states and will require serious change in the character of economic relations with them.

In particular, with the introduction of the West German mark as the single currency and with the conversion of the GDR economy to market principles there is the possibility of a real threat that many enterprises that are oriented toward the delivery of products to the USSR will be ruined and closed down. This will above all affect the material-intensive branches of machine building whose products we would like to continue to receive (shipbuilding, railway car building, equipment for the chemical industry, light industry, food industry, etc.). Suffice it to say that the share of the GDR in our imports of passenger coaches is presently in excess of 90 percent; seiners—80; forge-press equipment—70; cranes and equipment for the oil refining industry—60; agricultural and printing machinery—40 percent.

The projected reorientation of a number of enterprises and branches that presently have close ties with our country toward cooperation with West German firms may have a negative impact on the GDR's fulfillment of its obligations to the Soviet Union.

The annexation of the GDR to the FRG will most likely be accompanied by the extension of customs norms and rules, of various tariff and non-tariff import regulation measures operative in the EC to its territory. This may make it substantially more difficult for our traditional exports, especially machine products, to reach the market of a unified Germany. The situation will be aggravated by the gradual introduction in the GDR of technical and legal restrictions, uniform norms and standards, and strict ecological requirements that are common to all EC countries. These conditions make probable the refusal to purchase a number of products that were formerly delivered to the GDR (machinery and equipment, rolled ferrous metals, coke, pipe, iron ore, etc.) which will make it practically impossible to preserve the existing volume and structure of our trade turnover with that country.

We should also reckon with the prospective involvement of the GDR in COCOM activity.

Technical assistance plans, within the framework of which equipment packages with a value in excess of 1 billion rubles were delivered to the GDR in 1986-1990, will evidently be cut substantially. It is also necessary to consider the possibility that our deliveries of other equipment, for which the USSR showed an active balance in excess of 2 billion rubles during the current five-year plan will be terminated.

The reduced potential of our exports to the GDR will at the same time lead to a reduction in the volume of imports agreed upon in the course of the coordination of plans for 1991-1995 (which provided for interconnected deliveries valued at 18.2 billion rubles). The participation of the GDR in planned integrated cooperation projects (Yamburg gas field, Krivoy Rog Ore Dressing Combine) may also be called into question. The losses that may result from the termination of the GDR's participation in multilateral CEMA cooperation and specialization agreements should also be considered.

Exports of our energy carriers will feel the effect of two opposing tendencies. On the one hand, the conversion of trade relations to hard currency in world prices will compel the GDR to look for considerable resources to pay for the higher cost of oil, which will inevitably lead to the reduced volume of oil imports. The unification of Germany will also accelerate the conversion of the GDR economy to resource- and energy-saving technologies, which may also curb its future interest in keeping purchases of fuel and raw materials from the USSR at the previous level.

On the other hand, taking into account the expected reorientation of a considerable part of the GDR power industry from coal to less ecologically harmful energy carriers, the demand for them can be expected to increase. This will also be promoted by the predicted increase in business activity in a unified Germany in the medium haul and by the acceleration of its economic growth.

The need to mobilize considerable resources for inter-German unification may reduce the significance that the FRG has for us as a source of borrowed resources and may result in higher cost of the credit it extends to us. As importers of capital, we will also feel the consequences of the expected increase in competition for access to resources of the world loan market and tougher credit terms especially for "borrowers with dubious solvency."

In connection with the introduction of the West German mark as the means of payment in the GDR, the problem of financial support for the contingent of Soviet forces remaining in the republic will require special regulation. The cost of their maintenance, even considering the reduction planned under the Vienna-1 agreement, may range from 3.5 to 5 billion marks a year, which will swallow up a considerable part of the income expected by the USSR from change in the nature of trade and economic relations with the GDR.

However, the cited facts do not mean that the economic consequences of a unified Germany will be of a uniformly negative nature where we are concerned. The situation here is considerably more complex and dialectical.

In particular, inter-German unification processes will lead to a higher role of a unified Germany as our partner on the European continent. They open up before us a unique opportunity, based on existing relations with the GDR, to substantially expand cooperation with the FRG. In this respect, our interests objectively coincide with the position of Bonn, which is also trying to use the GDR as the basis for expanding its presence in the Soviet market.

Taking into account the expected increase in the influence of a unified Germany in the EC, the organization of full-fledged cooperation with it can become one of the basic levers for increasing our interaction with the "12." There will be favorable prerequisites for strengthening Soviet fixed capital and other immobile property, which can be used to organize production and commercial activity oriented toward West European countries, in the EC's internal integrated market.

The transition to hard currency and world market prices in transaction with the GDR will enable the USSR to receive an additional 5-7 billion marks a year from deliveries of energy-generating raw materials alone. A significant saving could be realized through the reorientation of part of our industrial imports from the GDR to the FRG and other Western countries. As the economic positions of a unified Germany grow stronger, it may become more interested in the USSR as a market for its products assuming that we create adequate market mechanisms.

In other words, given the proper approach, the organization of effective cooperation with a unified Germany could serve as a means of accelerating Soviet economic reform and its structural restructuring in the direction of greater compatibility with the European economy. Naturally, the realization of this large-scale task will require appropriate political support.

On the whole, in relations between the Soviet Union and the future unified German state, much will depend on our ability to not only minimize and neutralize negative aspects of unification but also to draw certain benefits from it. It appears that special attention should be focused on the sphere of economic interaction with both parts of Germany. In the long haul, the orientation should be toward strengthening factors of interdependence with an eye to the fact that it is specifically interdependence that is the most stable, cementing element in economic relations between states.

In the short haul, the existing situation in economic relations with both German states requires the adoption of a complex of measures to protect our interests and to reduce the damage connected with German unification.

The development of a special Soviet-German program of emergency measures to preserve the continuity of relations and to secure the smoother transition to the new model of interrelations would help to protect our economic interests in the GDR. Such a program should not only guarantee the GDR's fulfillment of its economic obligations to the USSR, including agreements on specialization and cooperation in production, in which our country is also interested, but should also ensure the preservation of basic legal and contractual principles in relations between the USSR and GDR, and the FRG's refusal to apply principles existing in the West that discriminate or might discriminate against the USSR in the future.

As the leadership of the Eastern German Economic Committee (FRG) proposes in particular, one element in this program could be a temporary, legislatively affirmed mechanism for encouraging shipments from the GDR to the USSR of products that are most important to us through direct subsidies as well as credit, tax, and other benefits.

Also deserving of careful study is the complex of questions concerning economic, financial and other conditions relating to the presence of Soviet forces in East Germany, the property interests of the USSR in the GDR, the cost of maintaining Soviet institutions in the GDR, the dispatching of Soviet specialists in connection with bilateral relations, tourist travel, the procedure for paying pensions and grants in accordance with the Treaty on Cooperation in the area of social security between the USSR and GDR dated 24 May 1960.

In addition to regulating current problems connected with the transitional period and the development of protective measures to neutralize the damage to our economic interests, there should also be study of the contours of the future framework agreement on cooperation between the USSR and the unified German state. This agreement could define the economic and legal regime of economic relations between the two countries, the concrete mechanism of their implementation, and could define priority areas of cooperation. The details of such an agreement should be studied in the shortest possible time because otherwise the negative consequences of measures carried out within the framework of inter-German unification will become more and more appreciable and compromise will be increasingly difficult.

\* \* \*

Current trends in the development of German unification processes confront our foreign policy with serious new questions. There must be no delay in answering them since the absence of progress in this direction in the near future may result in irretrievable losses of a political, economic, or other order. Considering the variability and contradictoriness of the present German situation, such an answer must have multiple variants and must provide alternatives capable of ensuring that we have the necessary freedom to maneuver in the European area.

Table. Basic Economic Indicators (1989)

Category	FRG	GDR
Territory (thousands of km <sup>2</sup> )	249	108
Population (millions of persons)	62.5	16.4
Gross national product (billions of West German marks)	2265	400 *
Per capita GNP(thousands of West German marks)	36.2	24.4*
Growth rates(%):		
GNP	3.6	2.0**
agriculture	2.2	1.5**
industry	5.0	2.3
capital investments	7.9	-4.0
Employment (millions of persons)	23.2	8.5
of which, (%):		
agriculture	5	11
industry	33	40
construction	7	7
other branches	55	42
The population's money incomes (billions of West German marks)	1404.1	167.5
current savings	190.4	9.3
savings norm (%)	13.6	5.6
of which:		
per capita monthly income (West German marks)	1872	850
Exports (billions of West German marks)***		
total	176.5	90.2
to Western countries	148.2	24/0
to the USSR	11.1	33.4
Imports (billions of West German marks):		
total	131.1	87.2
from Western countries	110.1	24.9
from the USSR	6.6	33.1
Level of inflation (%)	2.8	2.0
Average monthly wage (West German marks)	3300	1100
Number of passenger cars (millions of units)	29	4

\* Here and beyond conversion into West German marks is based on the parity of purchasing power (according to the Deutsche Bank: 1 GDR mark = 1 FRG mark); \*\* Produced national income (net material product); \*\*\* 1988 without internal German trade.

Source: THE BANKER, May 1990, p. 62; "Economic Survey of Europe in 1989-1990, ECE, UN, 1990

#### Footnotes

1. For children up to the age of 14 years, this limit is 2,000 marks; for persons of able-bodied age—4,000; for pensioners—6,000 marks.

2. In the first quarter of 1990, a drop in production was recorded at 2,100 out of 3,440 industrial enterprises.

3. The GDR is one of the few countries in the world where brown coal, which has an extremely negative

impact on the environment, supplies over 70 percent of the total energy requirement. Only 3 percent of the lakes in the GDR contain potable water. One-third of all the rivers are biologically dead. Air pollution in the cities is 50 times higher than the Republic's norms. In some regions, as many as 90 percent of the children suffer from respiratory diseases.

4. It should be emphasized that because of the unreliability of statistical data on the GDR and the indeterminate nature of the real exchange rate of its mark, all

macroeconomic comparisons between the two Germans are entirely approximate.

5. At the present time, there are approximately a quarter million vacancies in GDR industry, construction, and the service sphere. For this reason alone, industrial production in the current year may decline by 4-5 percent.

6. For the sake of comparison, we note that in 1989 total expenditures of the FRG federal budget, which had the lowest deficit of 19 billion marks (1 percent of the GNP) in the last 15 years, totalled 350 billion marks, while the positive balance for current operations was 99 billion marks. In the same year, total borrowings by federal and state governments as well as local organs of power totalled 26 billion marks.

7. Financial aid to West Berlin, tax exemptions, services to the GDR, etc.

8. Variants such as additional large currency emissions not backed by mass commodities, or the use of a significant party of the FRG's gold-currency reserves, are viewed here as unlikely.

9. The reaction of international financial circles, expecting negative consequences from German unification, has already been seen in the increased bank interest rates of recent months.

10. The yearly net contribution of the FRG to the EC budget currently amounts to 12 billion marks. COPY-RIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

#### France's 'Minimum Deterrence' Nuclear Strategy

904M0015F Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 105-112

[Article by Vladimir Andreyevich Manzhola, candidate of historical sciences; assistant professor, Kiev State University]

[Text] A nuclear-free world: to be or not to be? The total eradication of nuclear arms cannot be viewed as other than a gradual and quite prolonged process. East and West can go through the first stages of this process together without renouncing their views: we, with our orientation toward the principles of a nuclear-free world, and the other side with its orientation toward nuclear "deterrence" at extremely low levels of nuclear arms. The reciprocal and multilateral approach to the conception and practice of "minimum deterrence" gives mankind a chance to avoid a situation in which it is over-armed with nuclear weapons.

Of unquestionable interest in this respect is the experience of nuclear policy in France whose leadership is declaring its dedication of almost 30 years standing to the principles and practice of "minimum deterrence" based on the conception of sufficiency. It appears in this

connection that many Soviet assessments of French nuclear deterrence strategy were not always correct, were tentative, or were lacking in depth. Occasionally they were less the result of objective analysis and were more the expression of the correlation of feelings of sympathy or antipathy toward French foreign policy depending on one or another step taken by Paris in the international arena.

The stability of nuclear thinking in French official circles and the quite broad support for the doctrine of "deterrence of the strong by the weak" (the French version of "minimum deterrence") on the part of the basic political forces and the nation's population are a phenomenon that has historical, political, economic, and psychological roots, without the serious study of which it is difficult to find ways of involving France in the nuclear disarmament process.

#### Sources of Nuclear Thinking in French Foreign Policy

An explosion at the Reggane test site (Sahara) early in the morning on 13 February 1960 announced that France had joined the "atomic club." The power of the atomic blast was estimated at 60-70 kilotons. General De Gaulle, France's president, sent those in charge of the French atomic program a telegram of congratulations: "Vive la France! As of this morning, she has become stronger and freer." France had joined the nuclear arms race.

The creation of nuclear potential and its transformation into one of the key elements in the nation's military and foreign policy stimulated the emergence of a "power" and "nuclear" direction in French foreign political thought. In their theoretical explorations, French researchers invest nuclear arms with certain "properties" and "capacities" vis-a-vis numerous phenomena in international life. These properties are frequently presented in the form of "laws" of the nuclear age.

Thus, while investigating the influence of the nuclear factor on the structure of international relations, French theorists frequently conclude that the presence or absence of this weapon in the state arsenal decisively influences the status of the latter in the system of international relations, is the basic criterion for the differentiation of states, and determines the character of relations between them. This thesis has for more than 30 years been one of the principal arguments of official Paris in favor of the development and modernization of France's nuclear potential which is a kind of mandate enabling the nation to join the "great powers' club."

One more "law" of the nuclear age was formulated in the thesis of the "equalizing" power of atomic arms, i.e., their ability to equalize or level the military-political power of states that differ in their economic and demographic potential, in area, and in geographical location. This principle has become the cornerstone of modern French military doctrine. "The strategy of nuclear deterrence," "of the deterrence of the strong by the weak is based on this principle," stated General L. Poirier,



prominent military theoretician.<sup>1</sup> J. P. Chevenement, who is presently France's defense minister, referred to the "equalizing" force of atomic weapons in a speech at the Military Academy of the General Staff of the USSR Armed Forces (April 1989).

In the opinion of French specialists, one of the most important consequences of nuclear weapons is that they have been followed by substantial changes in the nature and effectiveness of military-political alliances in today's world. Advocates of the thesis of the so-called "disunifying" power of atomic arms maintain that alliances have lost their meaning in the atomic age and that "nuclear logic has quickly devalued the very concept of alliances. This thesis is based on the notion of the indivisibility of nuclear risk, under the conditions of which it becomes unthinkable to use nuclear weapons to protect the interests of other countries because it can only serve the goals of protecting the highest interests of a nation, its actual existence. This thesis played an important part in the ruling circles' substantiation of their criticism of NATO, their withdrawal from the bloc's military organization, the maintenance of the present "modus vivendi" between France and NATO, and the conclusion as to the impossibility of France's making nuclear guarantees to other nations.

Considering the catastrophic character of the policy of direct violence in the nuclear age, French theoreticians are emphasizing the expansion of the "non-violent" function of military power in its nuclear expression, viewing it as a material factor for exerting political and psychological pressure on the opponent with the aim of dissuading or forcing him to undertake or not to undertake certain actions.

"There can be no victors in nuclear war"—this conclusion was written in the White Paper on National Defense back in 1972. French specialists consider the most rational form of realization of military power in the nuclear age to be such application of it that makes it possible to attain the desired foreign policy goals without resorting to war. They propose "deterrence" as such a form and explain its strategic goal as being to exert a psychological influence on the enemy. It is designed to restrain the enemy from taking steps that might threaten the subject of "deterrence" without resorting to violence, while allowing diplomacy to make effective use of military power. "Nuclear arms," J. P. Chevenement emphasizes, "are not arms that are used in battle but are the diplomatic weapons of equilibrium and resistance to any kind of blackmail from any source."<sup>2</sup>

However, while revealing their concept of "deterrence," the French authors in large measure disavow their rejection of violence. "Deterrence" is indeed seen, first, as the existence of a nuclear force capable of inflicting "unacceptable damage" on the enemy; second, as the permanent threat of using this force; and, third, as the possibility of its actual application. The threat is the central element of "deterrence." Thus, it by no means excludes,

but to the contrary, presupposes direct violence and the possibility of the actual use of military power.

French theorists do their utmost to camouflage the integral interrelationship between "deterrence" and direct violence, to give "deterrence" the most "nonviolent," "peaceloving" character possible. To this end, several terms intended to denote different variants of such application of force that is based not on its real use but on the threat of such use have been put into scientific circulation. French authors distinguish between "persuasion," "intimidation," and "dissuasion" and try to formulate fundamental differences between these concepts.

Considering that the strategies of "intimidation" and "persuasion" are closest in their content to the strategy of war, French theorists consider themselves the interpreters of "dissuasion" as a peaceloving, preventive, defensive strategy to which military violence and aggressiveness are alien. They characterize "deterrence" as the defensive strategy of "prohibiting" aggression which is the exact opposite of the strategy of "intimidation." According to General L. Poirier's definition, "the strategy of nuclear deterrence is intended to create the prohibition effect by threatening such a level of nuclear reprisals as would force the enemy to evaluate potential losses and destruction as unacceptable compared with the benefits of conflict."<sup>3</sup>

Nevertheless the permanent threat of using military force and nuclear reprisals, which inevitably creates tension in international relations and stimulates the arms race continues to be the alpha and omega of "deterrence." This is also acknowledged by the creators of the French version of "deterrence." "The political-strategic situation resulting from deterrence," states L. Poirier, "is a peace situation or at least a crisis that does not turn into war"<sup>4</sup>, which is reminiscent of the famous "Brinkmanship" doctrine.

The theories of French "realists" have been an attempt at the political-philosophical substantiation of the power approach in French foreign policy.

The Fifth Republic's foreign policy strategy demonstrates the stability of nuclear thinking and deep dedication to the conception of nuclear "deterrence." This phenomenon can be traced back to the postulates of General De Gaulle's political philosophy. The Gaullist idea of the nation as an absolute value determined the special understanding of international relations, a characteristic feature of which is the affirmation of the absolute priority of national interests over regimes and ideologies. The national factor in the Gaullist understanding is integrally connected with the absolutization of the force factor, with military might, and with the possession of the most sophisticated weapons. Therefore, the very fact that nuclear arms exist and that other countries possess them is sufficient foundation for [France's] possession of its own nuclear potential. France, General de Gaulle stated, "must acquire nuclear

arms because others have them. Otherwise she will not be able to decide her own fate."<sup>5</sup>

The basic ideas of Gaullism on national interest and the force factor found their concentrated expression in the conception of "national grandeur," that defined the basic goal of France's foreign political strategy—maintaining the rank of a great power with "worldwide responsibility." It was specifically within the framework of the creation of a strong France and the restoration of its former grandeur that the question of creating nuclear potential, which for de Gaulle was the confirmation of France's status as a great power, was raised. While paying tribute to such choice, J. P. Chevenement noted in November 1988 that de Gaulle's greatest service was that he identified the concept of national interests with the concept of nuclear deterrence.

De Gaulle and his successors in the presidency tried to make maximum use of the nuclear factor, transforming it into a means of foreign political bargaining, maneuvering, pressure, and even blackmail. Such injection of the nuclear factor into foreign policy leads to the emergence and realization of nuclear diplomacy in foreign policy. The existence and development of the nuclear potential and the implementation of the "deterrence" are increasingly transferred from the military-strategic to the political-diplomatic sphere. The history of the Fifth Republic attests to the fact that the ruling circles viewed nuclear arms more as a foreign political rather than a military instrument. The nuclear factor acquired the character of a key power category linking the nation's military and foreign policy to its diplomacy.

Even today France sees nuclear arms as a most important element in its military and foreign political strategy. President F. Mitterand has emphasized that France's nuclear potential and the strategy of nuclear "deterrence" are the basic guarantee of the nation's independence and security. While maintaining that it is specifically the equilibrium of nuclear forces that made it possible to keep the peace in Europe during the postwar years, he emphasized that France possesses the third nuclear potential in the world, which makes it possible for it to "strike any target at any time, anywhere in the world."<sup>6</sup> Characteristically, these are practically the same words as were spoken by de Gaulle in November 1959 on the readiness of France's "strike forces" to deploy at any moment, any time, and in any place.

#### **The Strategic Model of "Deterrence of the Strong by the Weak"**

The formation and development of the Fifth Republic's conception of military strategy were directly connected with its first president—de Gaulle. He was able to soberly assess the essence of strategic situations in the world in the late '50s and early '60s which were characterized by the formation of nuclear-missile parity between the USA and USSR, the tendencies in its evolution, and the resulting consequences of this for France.

Doubting America's guarantees as an ally and fearing that Paris, contrary to its interests, might be drawn into a conflict by U.S. policy in the international arena, de Gaulle concluded that France must take care of its own security. De Gaulle saw the means of attaining this goal to lie in an independent military policy based on the doctrine of nuclear "deterrence." The doctrine was based on the absolute priority of nuclear forces in military organizational development, their independence of NATO's military integration mechanism, the independent national character of strategic conceptions of their use, which presupposes orientation not toward waging but toward preventing war (or at least, the noninvolvement of France in a war that is contradictory to its national interests) through the constant threat of an immediate massive retaliatory strike against the enemy's demographic and economic centers.

Based on priorities defined by the president, French military thought tried to find such a form of "deterrence" that would correspond to the real potential of their country, which was expressed in the French variant of "deterrence of the strong by the weak."

The theoretical possibility of such a variant of "deterrence" is based on General L. Poirier's law of political-strategic calculations of "benefits and risks" of the nuclear age. French theorists maintain that the total asymmetry of "benefits and risks" makes the "deterrence of the weak by the strong" possible because the "weak" can resort to using nuclear reprisals to "punish" the aggressor, whereas the "strong" will hardly subject themselves to such a risk in order to realize secondary interests through aggression.

This model is also based on a number of other "laws." In addition to the "leveling" and "disunifying" force of atomic weapons which we have already examined, they include the theses of the "proportionality" of deterrence and the "sanctuarization" of national territory.

The thesis of the "proportionality of deterrence" is one of the fundamental principles of the French model. Hence, its second name—the strategy of "proportional" or "minimum," "deterrence." According to this thesis, in order to "deter" an enemy, it is not necessary to possess nuclear power equal to that of the enemy. It is sufficient to strike several powerful blows, the damage from which would be proportional to or would exceed the enemy's potential acquisitions in the event of his success. According to French views, the possession of nuclear weapons transforms a state's territory into a "sanctuary," i.e., makes the territory entirely inviolable against encroachment from without. This gives nuclear states a special political status that combines sovereignty and "sanctuarization," in other words, total inviolability.

A strategic model that contained the aggregate of conceptions, principles, and elements of the mechanism of

practical realization of the French variant of "deterrence" was developed on the basis of "laws" that substantiated the theoretical possibility of "deterrence of the strong by the weak." Its basic principles were reflected in the doctrines of Ayere (1967) and Fourquet (1969) and in the White Paper on National Defense (1972).

The central element of the model of "deterrence of the strong by the weak" is the concept of the "critical threshold of aggressiveness," the violation of which would threaten the existence of the French nation and would justify the decision to use nuclear weapons. This "threshold" is at the level of the "sanctuarized" space of national territory and the "unsanctuarized" space of "approaches," i. e., neighboring states adjacent to France. Nuclear deterrence is thus extended to national territory (a constant) and to France's "vital interests" (a variable that is determined only by the nation's president as the guarantee of "deterrence" depending on the concrete circumstances of the crisis situation).

French military experts reject NATO's "flexible response" as unacceptable to the "weak" and consider an "instantaneous mass strike" the only acceptable response to any form of aggression that crosses the nuclear threshold. In its initial version, this conception was known as "all or nothing."

If "deterrence" is to be successful in fulfilling its function of "prohibiting" aggression, it must have a definite level of validity, i. e., must ensure a sufficient prohibiting effect. In the area of nuclear forces employment strategy, the "weak" can create the necessary effect only by striking at the enemy's demographic objects. From this followed the choice of "strikes against cities" as the only possible option for the "weak" and the rejection of the American "counterforce" conception.

In the organizational development of nuclear forces, the validity of "minimum deterrence" concept is connected with the concept of sufficiency—one of the fundamental principles of France's "deterrence" concept. The sufficiency principle defined the minimum level of nuclear potential that, in the event of a retaliatory strike against the enemy, would inflict damage equal to or greater than the benefit to the aggressor.

According to the official estimates, the initially planned level of sufficiency of the (quantitative) development of France's strategic nuclear potential was attained in the second half of the '70s when the ability to inflict "unacceptable damage" on any potential aggressor was evaluated by Parisian officialdom as the possibility of placing one of the "superpowers" in a "decisive disequilibrium" given the existence of military-strategic parity between them. At the present time, France defines the sufficient and valid level of nuclear "deterrence" as the ability to destroy 150-200 demographic, economic, and other vitally important targets on enemy territory. This level of sufficiency was to be secured in the early '90s by continuous patrolling by three (out of the existing six) atomic

missile-carrying submarines (48 missiles with approximately 300 warheads) or four submarines (approximately 400 warheads) during a period of crisis.

The question of the role and place of tactical nuclear weapons is one of the most complex and contradictory elements of the strategic model of minimum "deterrence." Its most important functions were defined: "testing" the enemy to determine the degree of aggressiveness; the function of "extreme warning," i. e., denoting the fact that the enemy has reached "vitally important interests" ("sanctuary") and demonstration of the resolve to employ strategic nuclear forces if the enemy becomes more aggressive. In the opinion of French specialists, such an understanding of the function of tactical systems makes it possible to integrate them into the strategy of "nuclear deterrence."

The striving for greater "commensurability of retaliatory actions" curbed the desire for distancing from the extremes of the "all or nothing" concept. At the same time it was noted that within "testing within the framework of deterrence" has nothing in common with "flexible response" or with controlled escalation that predetermine the possession of tactical nuclear weapons in a volume comparable with the enemy's and their recognition as battlefield weapons. According to the French conception, they are intended not for fighting but for "facilitating" strategic deterrence, which does not require a large number of tactical systems.

The "three circles" concept, which defines the following geostrategic zones of French interests—national territory; Europe and the approaches to Europe; and the rest of the world—is an important element of French military discipline. At the same time, it is emphasized that notwithstanding the geographical contiguity of the first and second circles, their spaces are strategically heterogeneous. While the strategy of autonomous "nuclear deterrence" is operative in the first circle, the classical strategy of military actions involving conventional armed forces is operative in the second.

The White Paper on National Defense noted, incidentally, that owing to tactical nuclear weapons, "deterrence" strategy opens the zone not only of the national territory, but also the approaches to it which, in addition to the adopted concept of employment of tactical nuclear forces injected a certain contradictoriness and ambiguity into the French "deterrence" strategy and influenced the "purity" of its national purpose, the proclaimed renunciation of escalation and conduct of military operations.

#### The Evolution of Nuclear Doctrine

The strategic model of "deterrence of the strong by the weak," the basic principles of which were recorded in the White Paper on National Security, retains its significance even now. At the same time, it could not fail to bear the stamp of the very heated debates on strategic problems that were unabating in the nation in the '70s and '80s and of very definite attempts to modify France's "deterrence" doctrine in order to bring it closer

into line with the NATO strategy of "flexible response" and to adapt it to Paris's aspirations in the sphere of European politics.

The first mass attack on "deterrence of the strong by the weak" took place in the second half of the '70s. A unique signal to launch this attack was given by the signing of the Ottawa declaration on Atlantic relations of nations participating in NATO in June 1974, that made a high assessment of the independent role played by French and British "nuclear deterrence forces contributing to the general strengthening of the alliance's deterrent forces." Thus, the interconnected and complementary nature of U.S., British, and French nuclear forces at the level of the final goals of their existence were officially recognized and approved. It was the articulation of this principle that determined the general course of evolution of French military strategy.

The thesis of the "relativity of deterrence and atomic actions" (the announcement by General Guy Meri in the autumn of 1975), followed by the concept of "deterrence at all levels"—from "ballistic missiles to rifles" (a statement by Premier R. Barre in the summer of 1977), which presupposed the modification of France's "deterrence" doctrine, were advanced as a counterweight to the Gaullist concept of "absolute deterrence" based on the "prohibition" of aggression.

First, the striving to decisively break with the "all or nothing" concept led to the adoption of the idea of the gradualness of the deterrence process, within the framework of which tactical nuclear weapons were recognized not only as a means of "deterrence," but also as battlefield weapons, the possibility of the real application of which makes it possible to avoid the choice between universal destruction and total capitulation.

Second, the "deterrence" concept based on the "prohibition" principle was relegated to a secondary position, giving way to the idea of "battle" as the basis of military doctrine. Thus, the thesis of the "renunciation of doing battle" was supplemented by the opposing idea of the employment of tactical nuclear weapons in a "nuclear engagement," which created the basis for drawing closer to the NATO strategy of "flexible response."

Third, the "expanded sanctuary" concept, which meant the possibility of extending the action of French "deterrence" to other territories, especially the Federal Republic of Germany, was advanced in place of the "national sanctuary" concept. This concept determined the evolution of French military-strategic principles in the direction of their greater degree of compatibility with the NATO doctrine of the "forward defensive line" and was oriented toward the recognition of the existence in Europe of a "single conflict space," within the framework of which a possible "engagement" will be "the same" for France and its allies.

The "new reading" of the model of "deterrence of the strong by the weak" by President V. Giscard d'Estaing and General Guy Meri generated sharp criticism and

resistance on the part of Gaullists, advocates of "absolute deterrence," and the country's leftist forces. The president was blamed for French military strategy's "jump" 10 years backward, for his corrections that undermined conceptual principles and eroded the strategic model of "deterrence of the weak by the strong" that dissolves and vanishes in the conception of the "expanded sanctuary" leading to the reintegration of France in the NATO military mechanism and to the danger that the country will be drawn into a war that is alien to its interests. The burden of such accusations ultimately led to the practical immobilization of the realization of new military-strategic principles. This was accompanied by the further intensification of the ambiguous French doctrine of "deterrence" and by the accumulation of internal contradictions. In the late '70s and early '80s, this doctrine was midway between the model of "deterrence of the strong by the weak" and the French variant of "flexible response."

In the '80s the struggle continued between two basic trends in the development of the French doctrine of nuclear "deterrence": the trend toward the further departure from Gaullist principles and the trend toward the "neo-Gaullist" reading of the principles of "deterrence of the strong by the weak." After adopting the course of "purging" military doctrine of the legacy of his predecessor, F. Mitterand at the same time, through a number of foreign policy principles, set certain "slippage angles" for French military policy, which significantly complicated the realization of the chosen course.

The primary point at issue was the slippage of French military doctrine in the direction of Atlantism, which was reinforced in the political declaration signed by F. Mitterand at the Williamsburg meeting of the Seven in May 1983, which emphasized that Western security is "indivisible" and must be viewed from "global" positions. The thesis of "decisive solidarity" with the North Atlantic alliance was advanced. The second "slippage angle" was determined by the mounting interest of Paris in the Europeanization of its nuclear policy, in forcing integration processes in Western Europe, and *inter alia*, their military measurement. The strengthening of the "Eastern" azimuth of military doctrine, which was reinforced in the preamble of the law on the military program for 1984-1988, determined the content of the third "slippage angle."

These trends intensified during the "coexistence" of President Mitterand, a socialist, and J. Chirac, the right-wing prime minister, who made one more attempt to substantially alter the French doctrine of "deterrence." Evaluating the consequences of the signing of the Soviet-American INF Treaty as a blow against the validity and effectiveness of the "flexible response" strategy, the Chirac government inclined increasingly toward supporting NATO strategy. A. Giraud became the Fifth Republic's first defense minister who in October 1987 positively evaluated NATO's "flexible response" strategy at the official level.

Speaking in December 1987 at the Higher National Defense Institute immediately after the signing of the INF Treaty in Washington, J. Chirac evaluated its consequences as a "challenge" to Western Europe and noted that Paris should draw a number of conclusions from it. First, the lessening of the differences between France and her allies in respect to the "deterrence" conception makes it possible to speak of the coexistence of French strategy and NATO strategy as the basis of interaction in the military-political area. Second, the territory of neighboring states is no longer a "defensive rampart," but is a "single strategic space" together with the territory of the nation proper. Third, encroachment from any quarter on this space must be regarded as "encroachment" on France itself because there "cannot be a separate battle for Germany (the reference is to the FRG.—V. M.—) and a separate battle for France." Fourth, such an "encroachment" should be answered not only by conventional arms, but by tactical nuclear weapons as well.<sup>7</sup>

Such military-political and military-strategic principles in the spirit of the radicalization of theses developed under V. Giscard d'Estaing led to the deep revision of Gaullist principles of "deterrence of the strong by the weak" in the direction of bringing French nuclear strategy closer to U. S. and NATO strategy in Europe and the striving to lend a "European ring" to the nation's nuclear strategy.

The Chirac government's interpretation of the concept of using tactical nuclear weapons was one more step in this direction. The reference was to the development of strategic and tactical nuclear forces, to the establishment of a direct relationship between the maneuvering of conventional armed forces and the possibility for the application of tactical nuclear weapons within the framework of such a maneuver. The use of such a weapon as the "last warning" presupposed the admissibility in such an interpretation of a short-term nuclear battle in Europe by inflicting a "diversified and deeply echeloned" strike by tactical nuclear forces with the aim of stopping the aggressor. It was essentially proposed to create a second echelon of "deterrence" as a stage of nuclear escalation of the conflict in Europe entirely in the spirit of the "flexible response" strategy.

F. Mitterand came out as the principal opponent of attempts to revise the "deterrence" doctrine. The historical paradox was that the Gaullist prime minister was in favor of the reorientation of the strategy of "deterrence" in the spirit of departure from its Gaullist beginnings while the socialist president favored a return to these beginnings and a "neo-Gaullist" reading of the model of "deterrence of the strong by the weak."

The Mitterand presidency confirmed practically all the basic principles of the strategic model of "deterrence of the strong by the weak": from the thesis of the "equalizing" power of atomic weapons and the "indivisibility of nuclear risk" to the concept of the "antidemographic" strike and the principle of sufficiency, dedication to the independent and autonomous character of nuclear

"deterrence." The "national sanctuary" concept and the "three circles" theory were "reinstated."

The president of France emphasizes the necessity of returning to the initial essence of the "deterrence" conception, the goal of which is not "to win a war, but to prevent one."<sup>8</sup> In the opinion of F. Mitterand, such a prospect is opened up by the elimination of Soviet and American medium- and shorter-range missiles, which makes it possible to return to "true deterrence," which is realized through strategic forces: "deterrence" directed toward the "prohibition" of aggression. The emphasis on the prevention of war has been accompanied by sharp criticism of the NATO "flexible response" conception as being obsolete and having lost strategic meaning, which is confirmed by the elimination of the two intermediate stages in the nuclear escalation process as a result of the INF Treaty.

Attempts were made to rethink the place and role of tactical nuclear weapons as part of the effort to impart a purely strategic character to France's "deterrence" doctrine. In 1983 the decision was made to abandon the term "tactical nuclear weapons" in favor of the concept of "prestrategic" nuclear forces, to take the latter away from the army command and to make them directly subordinate to the General Staff of France's armed forces. In this way it was emphasized that the "prestrategic" nuclear forces comprise a unified ensemble together with strategic forces and are "at the very beginning of the nuclear deterrence process." The conception of "extreme warning" was assigned a purely strategic character aimed at opening up the possibility of conducting "extraordinary" negotiations on the regulation of crisis before making the decision to activate strategic nuclear forces. It was emphasized that such an interpretation strengthened the "deterrence" strategy, making it possible to abandon the primitive "all or nothing" concept, but that it on the other hand excludes attempts to bring French doctrine closer to the "flexible response" strategy that contains the idea of "nuclear engagement" in Europe which is unacceptable to France.

The French leadership has rejected all attempts to regenerate the "expanded sanctuary" idea, to rigidly fix the zone of France's "vital interests" on the FRG's eastern border, to extend French nuclear guarantees to West Germany, to include the French armed forces in the "forward defensive lines," and to place them in one of NATO's "gunslots."

Many questions, vaguenesses, ambiguities, and contradictions still remain in the French doctrine of nuclear deterrence. The following can be included among them: the contribution of France's nuclear strategy to the "globality" and "indivisibility" of Western security; attempts at the expansive "European" interpretation of the concept of "vital interests" and the principle of sufficiency, which also occasionally acquires "European" measurement; the question of the place of nuclear

strategy in French plans for the construction of a "military Europe" within the framework of the West European integration process; the idea of creating a "European deterrence pole" based on French and British nuclear forces; the space aspect of nuclear strategy, etc.

At the same time, it is possible to say that the principles of "detering the strong by the weak," notwithstanding repeated attempts to revise them thoroughly, demonstrate enviable viability and even today comprise the foundation of France's nuclear "deterrence" doctrine. This is the pragmatic, nationally colored variant of the "minimum nuclear deterrence" doctrine that is presently attracting the attention of many specialists and politicians in the West and East. The many-sided transition to the conception and practice of "minimum deterrence" could become an important step in the decisive and deep reduction of nuclear potentials to the lowest possible levels and an important step toward a nuclear-free world.

#### Let us sum up certain results.

1. Nuclear thinking and the conception of nuclear "deterrence" demonstrate their viability in the mentality of France's political and military circles. The doctrine of "deterrence of the strong by the weak" has been and in the medium term will evidently continue to be the basis of France's policy in the spheres of defense, security, and disarmament. The assumption that France will liquidate its nuclear potential in any stage of the nuclear disarmament process, up to and including the notorious process, is unsubstantiated.

2. The French variant of "minimum deterrence" contains a number of conceptions, principles, and elements that are harmonious and comparable with the new Soviet military thinking, with our conception of rational sufficiency. Among them: the recognition of the fact that there can be no victor in a nuclear war and that it is absolutely irrational; the thesis that nuclear weapons are above all a political instrument; the orientation toward preventing rather than waging war, toward the "prohibition" of aggression; the understanding of the principle of sufficiency as the minimum quantitative and qualitative level of development of nuclear potential capable of inflicting "unacceptable damage" on the enemy.

3. The strategic character of the conception of "extreme warning" is of definite interest for tactical ("prestrategic") nuclear forces oriented toward the minimum level of such forces. In the event the NATO forces refuse to conduct negotiations on the "third zero" for tactical forces in Europe, this conception could promote the determination of parameters of the goal of such negotiations—the reduction of tactical nuclear forces in Europe to the lowest possible levels—that are acceptable to the various parties.

4. Soviet-French dialog in the military-strategic sphere, comparison of military doctrines on the basis of the conception of rational sufficiency and the conception of "minimum deterrence," and the reduction of differences

between these doctrines could be instrumental in the development of flexible equivalents of nuclear potentials of large and medium-size nuclear powers in the process of determining the further route to a nuclear-free peace after a 50-percent reduction in Soviet and U. S. strategic offensive arms.

5. The definition of such flexible equivalents could be based on the French interpretation of "proportional deterrence," sufficiency, and "acceptable damage" as damage at such a level that would be equal to or greater than the enemy's potential gain in the event of his victory, i. e., would correspond to the "stake" of a given country in the "game." Obviously, the "stake" of a large state differs from the "stake" of a medium-size state. By comparing economic, demographic, and military resource potentials and the size of the territory of medium-size and large states, it is possible to adduce certain coefficients that would form the basis of flexible equivalents.

6. Let us assume that the equivalent of the nuclear potentials of medium-size and large states is 1:5 and let us compare with widely discussed plans for the 75- and 95-percent reduction of nuclear potential. In the first instance, the nuclear arsenals of large nuclear states—the USA and the USSR—would drop to the level of 3,000 nuclear warheads. In such a case, maximum level of nuclear arms of such a country as France would be 600 nuclear warheads. This number of warheads corresponds to existing plans for the development and modernization of French nuclear forces up to the mid-'90s. Thus, with a reduction of nuclear potentials by 75 percent, the 600-unit ceiling projected for France would create a basis for including Paris in the negotiations on nuclear disarmament problems under conditions that are entirely acceptable to it.

7. If nuclear potentials are reduced by 95 percent, i. e., if the "prezero" level is reached, it is assumed that the USSR and the USA will have 600 single-warhead ICBMs with various basing modes. In such a case, the level of the French nuclear potential would be set at 120 such missiles. At the present time, France has 96 sea-based missiles and 18 land-based missiles. It is also assumed that this level will be maintained in the '90s.

8. Thus, the balance of multilateral minimum nuclear "deterrence" would be achieved at the "prezero" level. The fact that all "poles" of nuclear "deterrence"—the USA, USSR, People's Republic of China, and Western Europe (with two national autonomous centers)—would possess equal or comparable levels of nuclear potentials would promote the stabilizing role of such a balance.

#### Footnotes

1. L. Poirier, "Des strategies nucleaires," Paris, 1977, p 37.
2. DEFENSE NATIONALE, June 1989, p 19.

3. L. Poirier, "Essais de strategie theorique," Paris, 1982, p 238.

4. L. Poirier, "Des strategies nucleaires," p 135.

5. Ch. de Gaulle, "Discours et Messages. V. IV, Paris, 1970, p 96.

6. See F. Mitterand, "Reflexions sur la politique exterieure de la France," Paris, 1986, p 27.

7. See DEFENSE NATIONALE, February 1988, pp 15-17.

8. LE NOUVEL OBSERVATEUR, 18-24 December 1987, p 25.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

#### **Armed Forces Manpower Acquisition: The French Experience**

904M0015G Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 113-119

[Article by Vladimir Yevgenyevich, candidate of economic sciences; USSR Academy of Sciences IMEMO scientific associate]

[Text] I would like to continue the interesting discussion that was begun in articles by S. Blagovolin ("Military Power: How Much, What Kind, Why?," MEMO, No 8, 1989), V. Serebryannikov (Defensive Power—What Form Should It Take?," MEMO, No 1, 1990), and a number of other authors, that have given impetus to the discussion of the restructuring of the USSR Armed Forces in the journal's pages in accordance with the existing foreign and internal situation. Obviously the development of the package of proposals on contours of the optimal model must primarily be oriented toward improving rather than destroying what has already been created with due regard to the final goal of the military reform. We must not allow ourselves to lag behind or get too far ahead of the real course of things, especially because the price of mistakes in the given questions is especially great.

The attention to the experience of foreign military organizational development and its potential use in the USSR is therefore entirely natural. France—a major military power with an army of significant size—can be of particular interest in this regard. France has developed a very flexible national conscription system that includes military and other forms of civilian service, which makes it possible to take into account the nation's history and geography, the nature of the available labor resources, etc. But certain problems of military organizational development in the French army are very similar to analogous problems in the Soviet armed forces. I therefore believe that measures taken to resolve them in

France could also be practically helpful in the development of directions to reform the activity of our armed forces and to raise its authority among the people.

#### **Following Tradition...**

France's tradition of forming its army on the basis of conscription was introduced by the so-called "Jourdan law" that was passed in 1798 and reformed in 1905. According to the present code of laws on universal national conscription, which was ratified in 1971, the "compulsory service" obligation refers to not only strictly military, but also to other, civilian forms of service. They include, in particular: defense service, which is intended chiefly for the protection of the civilian population and which has nonmilitary personnel; the national cooperation service (which works for the benefit of foreign states); the technical aid service (which assists France's overseas departments and territories), etc. There is also special compulsory service for those refusing to perform military service for religious and ethical reasons.

Civilian forms of service are financed by the ministries and agencies that are interested in using conscript services (ministries of foreign affairs, cooperation, foreign trade, interior, education, economy and finance, and others).

The maximum term of active military service and of defense service is 12 months (22 months in the early '60s). The term of all other forms of national compulsory service is longer: the term of active service involving the rendering of technical assistance is 16 months; the term of service for "refuseniks" and military chaplains has been increased to 24 months. Persons desiring to extend their term of active service may sign a special contract before or after registering for the draft.

Even though the share of nonmilitary forms of service is small (a mere 6-7 percent of the total annual number of persons performing their national compulsory obligation), the country's military-political leadership assigns great importance to them. The belief is that this makes it possible, while intensifying the work of certain state organs and services in peacetime, to simultaneously increase the number of mobilized resources (because persons who have completed any kind of active service are transferred to the armed forces reserve or the defense reserve). It becomes possible to give optimal consideration to the specific features of inducted youth, differences in their educational level, and occupations acquired in civilian life. According to the data of the National Service Administration, approximately 63 percent of the inductees are employed in a specialty that is in keeping with their wishes and interests and 27 percent of them are working in their civilian occupation.

The choice of type of activity—specialty, branch of service, or combat arm—eliminates needless fears of a significant part of the new recruits before entering service, makes them more interested in service, and improves the social and psychological climate in which



they perform their service. The result is that both the army and society in general benefit.

This is also facilitated by the very flexible system for deferring induction into active service. The diversity of deferments granted to inductees makes it possible *inter alia* to improve the quality of the recruits' training, to reduce the number of legal infractions in the army, and—what is of no little importance—to improve the quality of the nation's labor resources.

Thus practically all requests for deferment until the inductee reaches the age of 24 years are granted without any kind of explanation or the submission of any kind of supporting documentation. (Before 1988, the maximum induction age for active military service was 22 years). The request for deferment may be submitted to the mayor's office at the time of registration of the conscript or in the following month or (before the conscript reaches the age of 18) to the National Service Bureau.

A conscript may be granted an additional deferment: (a) if he needs to complete the school year (graduate); (b) if he is competing for admission to a special type of institution; (c) if his family or social status is considered difficult. Additional deferment may be granted to him for 1 or 2 years if he has a certificate indicating that he has completed pre-induction military training, or for 3 years if he has a certificate of higher military training up to 31 December of the year in which he turns 25.

There is also special deferment. It is offered either up to 25 years when the inductee expresses the desire to perform his national service obligation in the cooperative service or technical aid service or to serve in the armed forces as an engineer-specialist, scientific associate, or instructor, or up to 27 years if the inductee has enrolled in a university in one of the following specialties: physician, pharmacist, dentist, or veterinarian. Deferment is granted on the condition that the student's studies be strictly monitored. Applications for special deferments must be filed on schedule: such applications must be submitted to the National Service Bureau between 1 October and 15 December of the year in which the inductee turns 21. If those who have been granted a special deferment so that they may enter active cooperative or technical aid service, but subsequently refuse to enter these forms of national service before attaining the age of 23, they must mandatorily enter service in the armed forces for a period of 16 rather than 12 months.

In 1987, the average age of recruits was 20 years and 9 months; 51.24 percent were young men 18-20 years of age; 34.54 percent—20-22 years; and 14.22—over 22 years. More than half of the inductees avail themselves of various deferments.

The diversity of deferments that are granted and the considerable number of exemptions from military service make it possible to equalize the correlation of the annual number of persons to be inducted according to year of birth (on the order of 350,000 persons) and the

requirement of the armed forces for the younger generation (approximately 250,000).<sup>1</sup>

French specialists emphasize, not without pride, that France is overtaking many capitalist countries whose armies are staffed primarily on the basis of conscription, with the exception of Turkey and many neutral states, in the level of annual military registration (on the average 72 percent of the total number of youth reaching draft age). (This indicator was 93 percent in France during World War I). In the FRG, for example, it is at the level of 54 percent; the Netherlands—57 percent; Denmark—52 percent. It is noted that Switzerland alone succeeds in securing the maximum registration of citizens subject to induction by year of birth; here, this indicator reaches 92 percent, to be sure, taking into account so-called additional service and the country's strict rule that persons under the age of 50 who are exempt from service or who refuse to serve must pay a special tax of 3 percent of their taxable income. We note, incidentally, that the data cited here are also open to other interpretation: in fact, one Frenchman in four performs no military or other service.

At the time of registration, inductees receive special national compulsory service cards and then undergo comprehensive medical examination, mental testing, and occupational evaluation.

At the behest of assembly points, a local screening commission headed by the chief of the draft board assigns recruits to one of three categories: (a) fit for service; (b) deferred; and (c) exempt from military service.

In disputed cases, an inductee may be sent to a commission on discharge from military service which renders its verdict. Decrees of the local screening commission and the commissions on discharge from military service may be appealed to an administrative tribunal which renders the final decision within 2 months.

Requests for exemption from military service on religious, ethical or political grounds must be submitted on schedule. They are presently examined directly by the Ministry of Defense (in the past, the question was decided by a special legal commission operating under the President of the Republic). Obtaining the status of a "refusenik" is connected with unpleasant publicity for many because lists of "refuseniks" are published.

Those who enter service in accordance with the regulations live "under the conditions of a boarding facility" [*internat*] and are obligated to wear a military uniform. After duty hours, they may, with the commander's permission, wear civilian clothing and be absent from their unit until 1 o'clock in the morning. On the weekend, the inductee usually receives a 48-hour pass (from Friday night until Monday morning) or a 72-hour pass; he is usually granted 3 such weekends a month. He also receives 16 days of leave which he usually does not take all at once.



The system of punishments for violating the regulations also has its own unique features. Minor offenders are usually punished by confinement to their unit for the morning hours, evening hours, or for the entire day. More serious offenders may be arrested and confined in the stockade. Punitive measures are prescribed for offenses described as very serious or grave. In such cases, solitary confinement equal to half of the stockade time, is added to the sentence. Maximum time of confinement in the stockade is 40 days.

Thus, the punishment for being absent without leave is 10 days in the stockade; 20 days for being AWOL from watch duty [*dezhurstvo*]. The punishment for losing military documents is 10 days' cancellation of passes or arrest if the documents are not found. Attempted suicide is punished by 30 days of confinement, including solitary confinement, in the stockade. Sleeping on watch duty is punished by 15 days of arrest. Theft and the hazing of recruits (our "*dedovshchina*") may be punished by confinement, including solitary confinement, in the stockade for 15-40 days. The punishment for desertion is especially stern: 40 days in the stockade, including solitary confinement (deserters in peacetime are considered to be persons in military uniform who are absent without leave for over 6 days in France and over 3 days overseas).

The statistics on legal infractions in the French armed forces are curious. In 1978 (later data are not available), there were 4856 crimes of various types (in 1973—3149); 104 crimes were committed by noncommissioned officers; 4752—by privates; inductees accounted for 60 percent of the legal infractions. Eighty percent of the deserters (their absolute number is unknown) belong to families with three or more children. The parents of 50 percent of the deserters were divorced. The number of service evasion cases discovered was 3700; 70 percent of them were for administrative reasons (for example, they involved persons possessing dual citizenship); the number of cases of definitely established, deliberate evasion—1000.

A parliamentary decision in April 1982 abolished armed forces' permanent tribunals (during peacetime). The principal sense of this measure was that in the absence of a war, the liquidation of military justice, which belongs to a jurisdiction of an extraordinary nature, is incompatible with common law. Analysis of military crimes shows that they do not possess sufficiently expressed specific features justifying their exclusion from the jurisdiction of civilian courts and legal bodies during peacetime. Under the new law, all military personnel committing crimes of a military nature (desertion, divulging military secrets, insubordination) will be under the jurisdiction of a specialized civilian jury. It is considered that the abolition of permanent military tribunals has become an important step on the road to strengthening social protections for the military, to the closer integration of the army and the nation, and, what is no less important, to the improvement of the overall conception of justice in the nation that conforms to the aspirations of all citizens.

In France, as in other developed countries, material incentives play an important role in the organization of the life and activity of the troops and in strengthening military discipline. In 1989 the monetary maintenance of the rank-and-file soldier amounted to about 15 francs a day or 444 francs a month (i. e., 10.4 a day in 1981 and 13.5 francs in 1983). While this may not be a very large amount, it grows dramatically as a function of rank: a corporal receives approximately 20 percent more than a private first class; a sergeant receives two-thirds more than the latter. Volunteers on extended active service (up to 24 months) receive 1.6 times more than the average inductee. Depending on length of service, a sergeant who is an artilleryman or tank driver may receive 5300-7500 francs; an NCO may receive 10,000 francs a month.

As experience shows, the conscription system of manpower acquisition for France's armed forces is on the whole satisfactory. This is promoted in no small measure by the army's traditionally high prestige in the nation. But life does not stand still. A mode of armed forces manpower acquisition that was indisputable in the past, that is the symbol of French stability and consensus in defense policy, is more and more frequently the focus of public debate.

#### An Age-Old Dispute

The question of the transition to a volunteer manpower acquisition system for the French army has been raised repeatedly. The impetus has been provided by political election campaigns, by parliamentary discussions of new, costly programs for the technical retooling of the armed forces, by the conversion of Great Britain and then the USA to manpower acquisition for the army on the basis of recruitment.

Advocates of the recruitment mode of armed forces manpower acquisition (among them, certain prominent figures in the ruling socialist party and some of the opposition forces) advance different arguments of a military-strategic, financial-economic, and social nature. They are presented in most complete form in the article by J. F. Rebu and N. Tenzer "On the Question of Military Service," which was published under the rubric "An Independent Point of View" in the journal *DEFENSE NATIONALE*—one of France's most authoritative quasiofficial military publications.<sup>2</sup>

Military considerations, according to which the conscription army is declared to be a burden and a kind of relic that does not accord with current strategic realities, are advanced to the forefront. Can the French doctrine of nuclear deterrence be effective if it is based on armed forces, almost half of which are inductees? The authors answer this question in the negative: a professional army, i. e., an all-volunteer army, would have a different quality in the sense of combat readiness and combat effectiveness, would make it possible to have personnel that masters military affairs and sophisticated weapons systems. This would enhance the integrity of the material part and make for its more intensive utilization, and the

manpower acquisition process in various armed services based on volunteers would acquire additional flexibility.

The transition to a professional army is also considered important in a strategic sense because part of the nation's territory is not covered by France's "nuclear umbrella." These conditions call for highly professional servicemen capable of providing effective protection for their fellow citizens in a given territory.

Some senior officers believe that national conscription renders the effectiveness of the utilization of inductees slight. The increasing complexity of military equipment requires more and more instructors to train the recruits.

Proponents of the professional army also point to the contradictory nature of policy regarding the reserve. On the one hand, military service allows a considerable number of the draft-age male population to pass through the army and to satisfy the armed forces' additional need for manpower in case of necessity. On the other hand, what can be the sense of training a mobilization reserve if the probability of a prolonged mass conflict in Central Europe is extremely small under present conditions and if the time required to bring the reserves into play may be longer than the armed conflict? This raises the question of the need for the existence in peacetime of units (combat arms) that during combat operations may be inactive in the absence of mobilized reinforcements.

Thus, in the opinion of a number of specialists, change in the strategic situation, the present nature of military threats in the European theater, and the evolution of French military strategy urgently demand change in the mode of armed forces manpower acquisition.

Social considerations are cited in favor of eliminating compulsory military service. The law says that national compulsory service is of a universal, mandatory, and equal character for all. Theoretically, every young Frenchman "owes the Republic 1 year of solidarity with the nation." Reality, however, is remote from theory.

Favoritism and protectionism in respect of a certain category of persons who, in violation of the law, are exempted from induction or are assigned to "cushy" jobs in the service, have reached significant proportions. In 1988, 125,000 persons were exempted for health, family, and other reasons and, considering the number discharged from the service ahead of schedule (i. e., during the first 3 months), the number was much higher. A very large group of young men from the most affluent families were assigned to "light" duties.

Almost 80 percent of the specialists with diplomas avoided military service. The majority of graduates of the prestigious higher technical schools (Polytechnic, Administrative) prefer profitable work at enterprises to military service (the number of persons discharging their national service obligation in this way has increased tenfold in the last 5 years) or overseas in the framework of the technical aid or cooperative service. In some cases,

inductees perform their service at export and commercial enterprises exclusively in the interest of private companies rather than state institutions and agencies.

According to a poll conducted by the journal POINT in March 1989, 62 percent of the French people favor the establishment of a professional army and only 31 percent are for universal military conscription.

However, those who advocate preserving a conscription-based army cite their counterarguments. They say, for example, that the existence of conscription does not in any way contradict the demands of maintaining the high combat readiness and combat effectiveness of the armed forces. Under present conditions, these demands must be filled by professionals primarily in the key positions (nuclear forces, "rapid action forces," the air force, and the navy). Only in France's ground forces does the share of inductees presently exceed 55 percent. The situation is different in the navy and air force where professionals and volunteer specialists account for 90 and 65 percent, respectively, and in the strategic nuclear forces, the "rapid action forces" (the French equivalent of the American "rapid deployment corps") which consist practically entirely of professional military men.

In this sense, a change in the principles upon which armed forces manpower acquisition is based essentially alters little since 55 percent of the French army is already made up of professionals in the most important sectors. And if the overall effectiveness of the armed forces leaves something to be desired, this may be the result not so much of the unsuitability of the universal military conscription principle as major flaws in the organization of the army which emphasizes perfecting and increasing armaments to the detriment of the level of training of personnel.

In the opinion of those who favor preserving military conscription, the transition to the recruitment of volunteers may prove costly. They refer to their own calculations by the strategic planning group in the Ministry of Defense, of the National Assembly's financial commission, the estimates of UN experts, and of a commission on the restructuring of the FRG Bundeswehr, in accordance with which army manpower acquisition based on conscription produces an appreciable saving compared with the volunteer approach.

According to one estimate, a volunteer army formed on the basis of contracts will cost roughly 75 percent more than a conscription army of the same size. According to another estimate, it costs 23,364 million francs to maintain a 500,000-man conscription army, compared with 26,209 million francs to maintain a 350,000-man professional, regular army<sup>3</sup>. The regular army is thus 60.3 percent more costly per soldier than the conscription army. Famous military economist J. Fontanelle emphasizes that it costs Great Britain 60 percent more money to maintain its armed forces than France even though it has 175,000 fewer men. It is also noted that expenditures on the routine needs of the armed forces (not counting

spending on military purchases) devour 58 and 59 percent of the military budgets of the USA and Great Britain, which have professional armies, whereas this indicator is only 46.3 percent in France.

Thus, universal military conscription makes it possible to economize substantial amounts in the military budget. This is especially important today—a time of acute budget and financial difficulties in the nation. It is practically impossible to replace inductees with volunteers entirely without increasing the military budget.

The expedience of making a radical change in the principles of armed forces manpower acquisition is also subjected to serious doubt in socio-psychological and moral contexts. According to General M. Schmitt, chief of staff of France's armed forces, "universal military conscription is the cornerstone of our national feeling," the basis of the nation's true solidarity. "I want to emphasize their (that is, the inductees'—V. D.) competence and dedication...so that people who doubt their qualities would make the effort to see them at work in the three service arms and the gendarmerie." In his words, the British regret having abolished their national conscription system because they can no longer bring it back. The general added that this is why it is necessary to give serious thought once again to the important role it plays before abandoning this system.

Compulsory military service is specifically such service. Occasionally it is difficult service. It cannot be materially remunerated. In a certain sense it is a "loss of time" and hence of income as well. Answering criticism about the difficulties of military service, General Le Borne said in jest: "If a recruit is entirely satisfied when he goes into service, we should be concerned either for him or for the service."<sup>4</sup>

There are many in France who consider the army a necessary stage in a young man's development. The difficulties of army service, especially if it takes place in line unit, helps to instill manliness, to develop initiative, the ability to concentrate one's efforts, and to attain the goal. The role of the army in the social adaptation of young people and in giving recruits various skills is also considered to be extremely important. It is also believed that the induction system definitely contributes to the reduction of the significant scale of unemployment among youth (300,000 out of 2.6 million persons in 1989). Military service usually improves the prospects of civilian employment.

As regards the above-cited public opinion polls that elicited the unpopularity of military conscription among the French, the results will be different if the participants in the polls are differentiated. Thus, those who have served in the army usually recognize the need to preserve universal national conscription unlike, e. g., women or those who were exempt from military service.

The present military-political leadership believes that the transition to a professional army contradicts the idea of an "armed people" ("nation en armes") and national

independence. It is affirmed that universal national service helps to preserve firm ties between the army and the people, to strengthen the spirit and feeling of defense that are absolutely necessary in the realization of the "deterrence" concept, in ensuring the nation's territorial integrity and the inviolability of its borders. Defense is based on the participation and active support of the entire people who are prepared for defense.

#### National Service: What Form Should it Take?

While acknowledging the existing system's serious shortcomings, representatives of France's military-political leadership at the same time emphasize that there can be no discussion of the abolition of universal national compulsory service, but only of reexamining the principles underlying induction, change in the content of military service proper, and the utilization of recruits in the army. Many of those who sharply criticize the conscription mode of army manpower acquisition, after realistically appraising the situation, do not search for arguments in favor of the immediate dismantling of the present system and of making the transition to a professional army. Their criticism is usually aimed at raising the effectiveness of national conscription with regard to satisfying the needs of the armed forces and their correspondence to the present state of society.

At the present time, the reform of national conscription is being carried out in numerous directions. An important place among them is occupied by radical improvement of the inductee screening system. The task is posed of making national service truly universal, especially on the basis of the revision of obsolete fitness criteria based predominantly on a single component: physical health. Broadly interpreted fitness statuses have promoted the development of an "elitist" approach to the privileged who have been exempted from military service under various pretexts. Such injustice has evoked the bitter dissatisfaction of youth. A decisive struggle against draft dodging has now been declared. It is planned to cut the number of persons exempted from national service due to health or family circumstances in half, i. e., to the level of 15 percent of the inductees in each age category.

The increase in the number of young inductees compared with the needs of the armed forces may, of course, aggravate the problem of the relative surplus of inductees. It is proposed to solve it through the further diversification of the forms of national service, with unconditional priority being given to compulsory military service. Nonmilitary forms of service (cooperation, technical assistance) already in existence and new forms of national conscription (volunteer detachments, pedagogical assistance, etc.) will be developed. The development of nonmilitary forms of national conscription that are connected with civilian security, the prevention of accidents and violations, the protection of special objects ("hot points"), and the organization of various types of aid to individual categories of the population, is regarded as especially important.

Accordingly, since the end of the '80s, there has been a significant increase in the number of staff units in the gendarmerie, in the police, in technical units, and in fire departments.<sup>5</sup> All civilian forms of services have the mandatory requirement that recruits receive 2 months' military training. The appropriate allocations for these purposes are made by the institutions and agencies under whose aegis the inductees serve. In order to prevent the migration of technical specialists and inductees with higher education to civilian forms of service, the Ministry of Defense has been advised to make more active use of the priority right granted to it under Article 6 of the Laws on Universal National Conscription to draft specialists with diplomas for military service.

Another important direction of improvement of the law on universal national conscription is connected with the expansion of the principle of hire: voluntary service will become increasingly widespread in the next few years.

At the present time, consideration is being given to the possibility of inductees signing a contract to serve for either 18 or 20 months. Since 1983, there has been a new, more flexible form of hire—for volunteers on extended active service. They may elect to extend their term of military service by 4, 6, 8, 10, or 12 months, but their aggregate term may not exceed 24 months. The previously established quota for such volunteers (25,000 persons a year) will be expanded several fold. The principal sense of introducing such a form is to increase as long as possible the term of military service of well-trained recruits in posts connected with the servicing of the most sophisticated weapons systems.

Volunteers who are fit in terms of health, physical and mental development receive the right to choose a specific type of activity and service arm. Those who sign the contract receive a solid addition to their pay and enjoy more frequent passes; upon the expiration of their contract, they receive severance pay, are provided appropriate assistance in finding a job, etc.

Other measures for improving national conscription include, in particular: raising the level of professional training and pay of inductees; improving their housing and living conditions; stepping up illiteracy eradication work among recruits<sup>6</sup>; establishing a network of courses for the study of foreign languages, especially German (in units stationed in the FRG); improvement in the coordination of the activity of the Ministry of Defense with other ministries and agencies on matters concerning the professional training of inductees, their assignment in national service, and their employment upon being discharged to the reserve. There are also proposals to further reduce the term of military service to 6 months with one or several callups of reservists every 3-5 years.

However the nation's leadership is negatively disposed toward any proposal to reduce the term of active military service. In the estimation of the armed forces headquarters, reduction to 6 months would in fact deprive the land forces of three divisions because the constant

number of inductees in army service would be cut in half—to 131,160. But if discharged inductees are replaced by the same number of volunteers, expenditures on the maintenance of land forces will grow by 3.2 billion francs (in 1981 prices).

\* \* \*

France has never had a hired army for any considerable period in its history. Naturally, this cannot fail to affect the views of its military-political leadership. Its representatives love to recall occasionally that universal military conscription is a "republican principle." However, the question of making the transition to a regular, professional army cannot be considered closed. What is more, taking into account the growing demands on the quality of training of armed forces personnel on the one hand and the increasing complexity of the demographic situation (the sharp decline in the number of persons registering for the draft each year by the beginning of the 21st century) on the other, this question will inevitably originate again. Its solution may be accelerated in connection with the completion of the military integration of West European countries and the attainment of substantial progress at the Vienna arms and armed forces reduction talks.

#### Footnotes

1. By the second half of the '90s, the problem of "surplus" inductees will no longer be so acute due to the reduction of demographic resources: according to the forecast, in 1995 the number of persons registering with the national conscription bureau each year will decline to 378,000 compared with 413,000 in 1988

2. See DEFENSE NATIONALE, March 1989, pp 55-64.

3. "Quid 1988," Paris, 1988, p 1650. It appears that the cited calculations did not take into account the monetary amount of "lost economic opportunity," i. e., the potential financial and general economic gains that the national economy would have enjoyed if labor resources had been used productively.

4. DEFENSE NATIONALE, May 1989, p 173.

5. It is planned to increase the number of inductees engaged in nonmilitary of national conscription in the next few years from 10,000 to 45,000 persons (See LE FIGARO, 18 October 1988).

6. Every year the armed forces admit 10,000 young men who have difficulty reading, writing, and expressing themselves in French and 1,000 who are totally illiterate. (See LE MONDE, 19 November 1988).

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

### New Soviet Peace Institute Viewed

904M0015H Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 90 (signed to press 17 July 90) pp 120-123

[Interview with Professor Aleksandr Konstantinovich Kislov, doctor of historical sciences, director of the USSR Academy of Sciences Peace Institute: "A New Institute in the System of the USSR Academy of Sciences"—introduction between slantlines printed in italics]

[Text] On 15 November 1988, the Presidium of the USSR Academy of Sciences adopted the resolution to "Transform the USSR Academy of Sciences Scientific Council for Research on Problems of Peace and Disarmament, the USSR Council of Ministers State Committee for Science and Technology (GKNT), and the Soviet Committee for the Defense of Peace into the USSR Academy of Sciences Peace Institute." In May 1990, Professor Aleksandr Konstantinovich Kislov, doctor of historical sciences was elected director of this institute. Our journal has requested him to answer a number of questions concerning the tasks facing the new institute.

[MEMO] Aleksandr Konstantinovich, what was the reason for transforming the Scientific Council for Research into Problems of Peace and Disarmament into the Peace Institute (IMAN)? Why was it not possible, as before, to entrust the Scientific Council with the implementation of the same tasks relating to the organization of scientific endeavors on problems of peace and disarmament and also with the establishment of appropriate contacts with influential foreign scientific circles, particularly given the fact that, during the years of its activity, this council had acquired a certain prestige not only among Soviet but also international scientists?

[Kislov] There are several reasons why this was done. One can highlight the following: First, the somewhat amorphous structure of the Scientific Council itself could no longer meet the demands being made upon it by our rapidly changing times which present us with new problems literally every day; second, from the point of view of establishing contacts with influential foreign scientific and political circles, the form of an institute was considered to be preferable as it corresponded more to the practice of scientific research which has evolved in this sphere abroad where there are over 300 different institutes conducting research into the problems of peace; finally, it is also of significance that the Peace Institute is purely an academic establishment whereas many of our potential colleagues in the West viewed the Scientific Council as an organization connected with the Soviet Committee for the Defense of Peace and, hence, more as a propaganda than scientific body.

[MEMO] What will be the structure of this institute? Should it copy the usual structure of an academic institute with its permanent staff, be it large or small, and its fairly rigid system of departments and sectors, or should

it assume the highly flexible organizational forms which predominate in foreign scientific-research centers?

[Kislov] It has been decided to base its structure on the second variant, as it is envisaged that IMAN will have a very small staff (approximately 15 people); the World Economics and International Relations Institute (IMEMO) will be entrusted with ensuring its scientific, organizational, and economic activities and the institute's research work will be conducted primarily on a contractual basis.

In this connection, it must be emphasized that this idea was far from being immediately and unanimously received. Thus, for example, it did not seem wholly comprehensible to certain scientific workers at the USSR GKNT why the USSR Academy of Sciences had requested such a small staff and for this reason (there were also others) the institute's legalization was delayed for a certain time. As a result, it was only on 26 December 1989 that comrade N.I. Ryzhkov signed the appropriate decree of the USSR Council of Ministers.

[MEMO] What criteria formed the basis for determining the immediate lines of activity of IMAN?

[Kislov] We are proceeding from the fact that, on account of its structure and, more specifically, its ability to attract a very wide range of specialists on a contractual basis, the institute is able to organize and conduct extremely varied research for the elaboration of which it is enlisting the services not only of colleagues from IMEMO but also, when necessary, natural scientists and representatives of exact sciences.

In planning the institute's immediate lines of activity, we have tried, at the same time, to concentrate our attention, first and foremost, upon those acute and topical problems to which other institutes, primarily those in our department, have not yet been able to give due attention, for one reason or another, in spite of their great importance. In May 1989, the Presidium of the USSR Academy of Sciences adopted a resolution in which IMAN's immediate lines of activity were determined as the practical organization of research which is to be conducted in the following areas: —the conversion of military production into civil production; —problems of all-embracing international security, including its ecological aspects; —analysis of ideological trends, public opinion and the alignment of sociopolitical forces on problems of peace and disarmament, and the role of social movements and political forces which are participating in the struggle for peace and their influence on the adoption of foreign-policy decisions.

Of course, even at the very first stage of its activity, IMAN will not limit itself solely to these lines of research. As it seems to us, the political regulation of regional conflicts and possibly other subjects should also occupy a prominent place in our research.

[MEMO] Could you not dwell in more detail on IMAN's immediate lines of activity which you have mentioned?

[Kislov] To begin with, let us look at conversion. I believe that the principle objects of research in this sphere are problems such as an assessment of world experience in this area which we should make use of in our own practice, and participation in the comprehensive scientific study of problems relating to the conversion of military production, first and foremost those connected with the mechanism of conversion. Evidently, of all these questions the following require the most detailed attention: —the study of principles, forms, methods, and mathematical models (both on micro- and macro-levels) for converting the defense industry, taking into account the country's political, military, and national economic interests and proceeding from the planned reductions in the volume of output of armaments and military hardware and expenditure for conducting Scientific Research and Experimental Design Work; —research into the mechanism of cutting back on military production, structural perestroika of military enterprises, and the remodeling of sectors of the defense industry in the interests of the national economy, including highly acute social aspects of this problem; —the substantiation of what can be made able for conversion, and proposals for the effective utilization of construction and production capacities which are being released.

IMAN's research workers and the scientists whom we have attracted have already carried out specific work on this line of research. They have taken an active part in the preparation of a most important document—the State Program for the Conversion of the Defense Industry for the Period up to 1995—which is now in the final stages. The institute was one of the active founders of the Soviet National Commission for Assistance With Conversion with which the closest cooperation has now been established. Considerable attention is being given and will continue to be given to the problem of conversion in IMAN's publications, in particular, in its periodical publication "Paths Toward Security."

The accomplishment of the organization of IMAN will also enable us, *de jure*, to set about practically implementing one other commission of the Presidium of the USSR Academy of Sciences, namely, the creation of a laboratory incorporating different branches of science for the comprehensive scientific study of the problems of converting military production into civilian production and models which will enable us to guarantee the most effective implementation of such conversion.

[MEMO] As is well known, as early as the third special session of the UN General Assembly on disarmament, the Soviet delegation spoke in favor of holding an international meeting on conversion in the USSR in 1990. The preparations for holding the UN international conference on conversion in the USSR this year are now entering their final phase. The United Nations attaches great importance to this conference and considers it to be the most important forum of its kind to be held under the aegis of the United Nations in 1990. Will IMAN take part in this conference?

[Kislov] The success of the conference would make a serious contribution to international security and economic growth. It is precisely because of this that we are most actively participating in the preparation of this conference; apart from anything else, we feel that it will provide extensive opportunities for expanding existing contacts and establishing new ones with the most distinguished foreign scientists who are working in this sphere. IMAN has already established and is now expanding its ties with a number of corresponding American scientific centers (for example, the Council of Economic Priorities) with which it has reached agreement on a joint research program.

[MEMO] What are the prospects for studying problems of all-embracing international security?

[Kislov] In organizing research into these problems, we intend to give special emphasis at this stage to their ecological aspects since it is precisely the state of the environment which is beginning to represent a major threat to the future existence of man as a biological species. Ecological security and the development of international cooperation on environmental protection are assuming ever increasing importance in the considerations of, first and foremost, the industrially developed countries of their global responsibility towards mankind as a whole. This problem is also assuming paramount importance in the context of the priority of universal human values in contemporary conditions.

In this line of research, IMAN together with the USSR Academy of Sciences IMEMO, is creating a mechanism of international cooperation with leading scientists from a number of countries—the United States, Canada, Sweden, Norway, and several others—by initiating a series of international scientific research projects.

The first of these was signed by us in April 1989 with the Woods Hole Oceanographic Institute and the Center for Maritime Policy (the United States) and received the name "Ecological Security and the World Ocean: Analytical Approaches and Joint Decisions." The problem of financing this project has been practically solved today. The Soviet Peace Fund (which, in principle, has agreed to allocate approximately 90,000 rubles for the implementation of the project in 1990-1991) and the American MacArthur Fund (which has already allocated \$309,000 for this purpose) have shown great interest in participating in the project as sponsors.

Within the framework of the project, it is planned to prepare joint monographic research and also, in its concluding phase, to elaborate recommendations for the governmental organizations of both countries on the development of cooperation in this sphere.

The second project—"Toward Stable Security: Economics, Ecology, and Ethics for the World Community"—was signed in November 1989 with the Transnational Fund for Research Into Problems of Peace and the Future (Sweden) and the Pacific Institute for Research Into Problems of Development, the Environment, and

Security (the United States). It is planned to implement this project over three years. From the Soviet side, the organization, financing, and implementation of the project will be conducted jointly with IMEMO.

The principle aim of this project is to conduct research into the problems of interrelations between economic development and the natural and cultural environment as one of the imperative conditions for the future development of human civilization, and to elaborate ecological and ethical bases for international relations and an international legal conception of the biosphere. The project has practical-scientific significance and is oriented toward preparing a "package" of proposals and recommendations in the context of preparation for the UN Conference on the Environment and Development which is planned for 1992. During the implementation of the project, we plan to publish stage by stage materials dealing with separate aspects of the project. On completion of the work, these materials will be used in a monograph which, it is envisaged, will be published in Russian, English, and Swedish. Furthermore, some of the materials will be specially prepared for the 1992 UN conference. At present, the project is being financed mainly by the Swedish through budgeted government funds, and charities.

It is further envisaged that Soviet specialists will take part in the important international conference "Ecological Security in the Modern World" which should initiate the regular exchange of ideas between leading scientists and specialists who are researching a number of social aspects of global ecological problems. Agreement has been reached on this with Laval University (Canada). According to the published program, representatives of the most important scientific centers in the United States, Canada, the West European countries, and the USSR will take part in the conference.

Other possibilities are being investigated with regard to the participation of Soviet scientists in joint international scientific research projects. In particular, in 1989, in its plan of propaganda and elucidation of the USSR's peaceful foreign policy initiatives in the foreign scientific milieu, IMAN supported the creation of the commission "The Murmansk Initiative" whose tasks include promoting the establishment in scientific and political circles in the Arctic countries of the desire for unified efforts aimed at reducing military tension in the Arctic, creating a climate of trust, and proclaiming the nonnuclear status of individual regions, subregions, and territories in the Arctic. Within the framework of this commission is the organization of a seminar and an international conference on politics in the Arctic and also the exchange of scientists who are researching problems of the Arctic. Provisional agreement has been reached on the participation in this commission of McGill University (Canada) and also the Dartmouth College Arctic Research Institute and the Dick Fund for International Understanding (the United States).

In speaking about IMAN's international connections, I would particularly like to mention those extensive and fruitful contacts which we have established with the International Peace Institute in Vienna which has been rejuvenated, so to speak.

[MEMO] What do you see as being the principle tasks of the institute in the area of analysis of public opinion and alignment of sociopolitical forces on problems of peace?

[Kislov] On the one hand, it seems expedient to organize and conduct serious analytical research in this area, and on the other hand, to concentrate on those problems which, previously, were not the focus of our attention. For example, we should examine the position taken by church circles on the most acute contemporary problems as they are currently assuming a more influential role. At the same time, in analyzing these problems, it is obvious that we should not limit ourselves solely to the situation existing in other countries but also examine new trends in the Soviet Union and the attitude of the Soviet public to these problems. In this respect, of course, we will have to work in closer contact with different Soviet public organizations.

[MEMO] Our editorial board and editor wish you and the USSR IMAN success in your scientific endeavors and we have no doubt that the new institute will, in the near future, make itself known as an authoritative research center. We count on further fruitful cooperation with you.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990

### 13 June Government Program Viewed

904M00151 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 July 90) p 132

[Article by L. Grigoryev: "The Government Program of 13 June"]

[Text] Let us recall the sequence of events which has developed of late with regard to economic reform as a whole and price reform in particular. During the recent period of acceleration, leading economists believed price reform to be necessary, but in view of indignation on the part of the public, it was stopped (others had vascillated). Since fall 1989, there has been talk of a transition to a planned market economy or, as was explained to us later, to a regulated market economy. In December, with great difficulty (and all its weight), the government pushed an emergency stabilization program through the Congress of People's Deputies. In January and February, the decline in production intensified, and it was clear that the program was not working. On 11 March 1990, the Council of Ministers passed a decree on preparing a new package of documents, and this was followed by two and ½ months of agonizing waiting for the conclusion of discussions in the Presidential Council.



Finally, on the morning of 24 May [1990], N.I. Ryzhkov spoke at a session of the USSR Supreme Soviet about accelerating the transition to the market as planned in the previous December but with price reform built into the first stage. As of lunchtime that same day, there was panic on the last of the country's markets which was in any way stable—the Moscow market. On 13 June, the USSR Supreme Soviet passed a decree presenting the government with a demand to rework the program and, by fall, to reach agreement with republican, autonomous, and local soviets. Thus, the program has been “put on hold” until a transition to market relations becomes its main component part. Five years after the start of perestroika, the government finally proposed a program (good or bad) of movement toward a market. The public, however, continues to worry: Once again reform, once again scientifically grounded, and once again absolutely necessary, but why begin with stabilization plus price reform, from 1990 to 1991, and not introduce the market and destatization until 1991-1992?

What is panicking the population? After all, out of 200 billion rubles of additional receipts, the Ministry of Finance has promised to reimburse approximately 70 percent through various channels of compensation! Surely it cannot be the case that there are people who do not trust our Ministry of Finance? Or our State Committee for Prices [Goskomsen]? Economists evidently agree that the structure of prices has become a brake on the country's development, irrespective of the crisis state of the economic mechanism as a whole. That structure must be changed, but the question remains as to what the price of reform itself will be. How do Goskomsen and the Ministry of Finance intend to distribute the burdens of reform between social groups, regions, and so forth? The government report said nothing about this. The break with the existing structure and the appearance of prices between 10 and 15 percent of which are free prices and between 25 and 35 percent of which are regulated prices will lead to an inevitable burst of inflation, by comparison with which all price changes imposed from above will seem like a joke.

It is easy to calculate who will suffer: the majority of the urban population, who live on their salaries and have no access to other occupations; mass factory professional groups (particularly on account of accompanying inflation); and also all those whose pattern of consumption includes expensive commodities.

Burdens will fall on the intelligentsia and will tend to diffuse downward along the income scale. The basic mass of the population on average income (by our internal standards) will lose with regard to their level of consumption or will have to pay three times as much in order to maintain it. At the same time, price reform will reduce the potential purchasing power of savings.

On what conditions would the population be prepared to embark upon this “last sacrifice,” especially that part of it which will suffer most? Perhaps in exchange for real economic reform and freedom of economic activity,

accompanied by a gradual privatization of large-scale industry, sales of property, and so forth. Only then may enterprising people who know their business hope to compensate for lost income within a foreseeable period of time. Otherwise, we will simply be faced with consumption cuts in the name of reducing the state-budget deficit and presenting the government of N.I. Ryzhkov with a new period in which to consider reform.

COPYRIGHT: Izdatelstvo TsK KPSS “Pravda”, “Mirovaya ekonomika i mezhdunarodnyye otnosheniya”. 1990

### Consequences of Arms Deal Scandal Examined

904M0015J Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 133-134

[Article by Sergey Vasilyevich Morgachev: “On the Trail of ‘Ant’”]

[Text] The discovery on 22 December 1989 in Novorossiysk of a train loaded with “ownerless” T-72 tanks, an event which, to use a newspaper cliché, had an “explosive effect on public opinion,” launched a nerve-racking and not yet completed inquiry into the truly or fictitiously scandalous affairs of the state-cooperative concern “ANT.” The ill-starred association is charged with engaging in “illegal” export deals involving military materials, “strategic” raw materials, and diamonds. What the true intentions of the leaders of “ANT” had been and whether or not they violated laws or normative documents currently in force will be shown by the investigation. There is no need to anticipate what its results might be. However, the historiography of “ANT” has already accumulated no small amount of facts which are quite significant in the context of both internal and foreign policy.

### The “Tank” Affair

Irrespective of whether or not “ANT” was going to sell tanks abroad (the leadership of the concern denies the very fact of purchasing them) and whether or not the government had directly sanctioned this deal (world practice shows that documented traces of such authorizations do not always remain),<sup>1</sup> state organs had a priori taken upon themselves indirect political and legal responsibility for all possible deals that “ANT” might conclude involving military materials. This transpires from the official admission that a document authorizing enterprises and organizations of the Ministry of Defense and the industry's defense sectors to sell their surplus output to the “ANT” concern was signed by V.K. Gusev, a deputy chairman of the USSR Council of Ministers (on the recommendation of Yu. A. Pekshev, a deputy chairman of the State Foreign Economic Commission); an additional document granted this association, which lists arms exports and imports in its statute, the right to export goods without the need to procure licenses.

In order to better comprehend the degree of official involvement in "ANT's" deals in military materials, it is also important to understand that the concern had already tried, with the government's sanction, to sell a consignment of engines for MiG-21 and MiG-23 fighters<sup>2</sup> and, on the commission of A.S. Systsov, minister of the USSR aircraft industry, had conducted preliminary negotiations on the sale of MiG-29 fighters. The question of the sale, via "ANT," of a batch of MiG-29 fighters was discussed at a conference of representatives of the USSR Council of Ministers, the Ministry of Defense, the Ministry of Foreign Economic Relations, and the Ministry of Foreign Affairs; opinions diverged, and no decision was made. Subsequently, this issue was put on the agenda of a session of the Politburo which, as A.S. Systsov put it, found it inexpedient "at the present moment" (author's emphasis-S.M.) to conclude such a deal. However, L.N. Zaykov, a Politburo member responsible for the military industry, supported this idea and made this clear to A.S. Systsov, a fact which seems to have played a decisive role in the fact that the said negotiations started.<sup>3</sup>

It may be concluded from everything that ruling circles, or at least a group of people, possessing great means, regarded "ANT," in particular, as a channel for arms export. The question of the extent to which this function of "ANT" was provided for legally and also of who and under what circumstances gave or did not give direct permission to go ahead with one specific deal or another are, to a certain extent, mere details compared to the very fact of reserving such a function for "ANT."

Undoubtedly, the desire to provide "ANT" with merchandise in constant demand and to promote its barter operations aimed at satiating the consumer market played an important and evidently a decisive role in the decision to export a certain amount of military materials through the channels of the concern. However, one can hardly rule out a concurrent hypothetical motivation: The intention to use these channels for concluding those military contracts in cases where excessive publicity would have been inappropriate.

This assumption does not appear to be groundless if one recalls that, on some occasions, the Soviet Union, like all other arms exporters, evidently concluded deals which, from the state's point of view, it would have been better to keep secret. Thus, at least two cases are known in the not too distant past when weapons were sold to both belligerents. According to data furnished by the Stockholm International Peace Research Institute [SIPRI],<sup>4</sup> which we have good reason to trust, in 1986, the Soviet Union supplied, via intermediaries, 400 "surface-to-air" missiles to Iran, which was in a state of war with Iraq, the latter being one of the major buyers of Soviet weapons. At the end of the seventies (also according to data furnished by SIPRI), we supplied arms simultaneously to North and South Yemen; the tension between them ultimately resulted in an armed conflict.

Weaponry is one of the few commodity groups with which the Soviet Union is able to trade on the world markets (although the demand for Soviet weapons, which, in terms of quality, are generally inferior to, for example, their American equivalents, is declining). The thought of resorting more readily to arms exports inevitably comes to mind during the present grave economic situation, and not for nothing has it been persistently advocated for some time in a number of organs of the press, presumably on the initiative of official circles. In those situations when it is necessary to avoid, as much as possible, the spread of information about a particular deal—reasons for this may be quite diverse—the mediatory services of firms similar to "ANT" are invaluable. This type of mediation is used all over the world—be it "Irangate" or, for example, the scandalous affairs involving Swedish arms exports. The "ANT" operations involving sales of aircraft engines via third parties, the enlistment, for this purpose, of the services of obscure intermediary firms, and the use of the territory of a third country (Hungary) are strongly reminiscent of the standard scenarios of the secret trade in arms. I will add to this that in the affair which involved the sale to foreign customers of diamonds from the State Repository for Precious Metals, "ANT" was used precisely as a go-between.

Official information on exports of weapons is not readily available in Western countries either; the difference lies in the fact that in our country it is totally suppressed (with the exception of a few recent cases). Our state virtually never confirms or denies making one specific deal or another; from this point of view, according to international criteria, almost all Soviet arms exports may be regarded as a "gray area," that is to say that they are sanctioned by the government but not officially acknowledged by it.

This state of affairs can hardly be justified by genuine state interests, in contrast to corporative or departmental ones. For the time being, it is perhaps premature to put on the agenda the question of discontinuing arms exports for moral considerations. However, the demand that society and institutions of legislative power should be given full information on the movement of military materials across the border and that the actions of private and official persons and of the government in the area of the arms trade, the procedure of issuing export permits by state institutions, and the corresponding functions of the Supreme Soviet and its organs be regulated by special legislation seems in no way premature. Such legislation exists in those Western countries which are major arms exporters (the United States, Great Britain, France, the FRG, Italy, and Sweden).

At the same time, a discouraging situation prevails in our country whereby a decision to export weapons is made, and nobody knows by whom, on unknown legal grounds, in an atmosphere of complete secrecy, and without any control on the part of popularly elected organs; a situation in which weapons may be loaded, a special train ordered, and military cargo shipped on the basis of

questionable documentation or even a verbal agreement, as was the case with the Novorossiysk tanks. The existence of this area, which is closed to control and therefore presents a breeding ground for crime, may given a certain concurrence of circumstances, prove detrimental to our national interests, not to mention the fact that it is unthinkable in a law-governed state.

Legislation in the area of foreign trade operations involving military materials should take into account both procedural and political aspects of the matter and create a basis for banning arms sales in those cases where they are incompatible with the concept of peaceful foreign policy and elementary ethical norms; for example, to both belligerents, to states which are waging aggressive wars or are in a state of domestic conflict, and to terrorist organizations.

#### Footnotes

1. A certain oral instruction given by the government on the shipment of "product-172" figures in the materials of the case, although the government does not admit issuing it.

2. According to some evidence, the deal also involved engines for MiG-29 fighters, the government's role in this part of the operation is not known.

3. See IZVESTIYA, 27 March 1990.

4. SIPRI is one of the most authoritative and best informed organizations studying the international arms market.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990

#### Two Books on the German Question Reviewed

904M0015K Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 145-148

[Review by V. Razmerov of books: [I] "Die deutsche Frage und die Nachbarn im Osten" [The German Question and Germany's Neighbors to the East] by Eberhard Schulz, Munich, R. Oldenbourg-Verlag, 1989, 168 pages; and [II] "Ost-West Konflikt und die deutsche Frage" [The East-West Conflict and the German Question], Munich, Deutscher Taschenbuch Verlag, 1989, 214 pages]

[Text] First, a few words about a book that will not be reviewed here. The "Short History of the GDR," which was published on the occasion of the republic's 20th anniversary and was subsequently republished, was by no means so very short—it is a rather thick little book numbering approximately 800 pages, each of which extolled the successes of the "first state of workers and peasants on German soil" and the merits of its leaders. However, the actual history of the GDR really proved to

be not very long. A mere month after the official celebration of the GDR's 40th anniversary, rejoicing German throngs in East and West celebrated the fall of the Berlin wall, which was the most shameful and dismal symbol of the division of Europe and, at the same time, an obligatory condition to the existence of the GDR.

The stormy events of late autumn 1989 altered the entire situation to such a degree that we have ceased to enclose the words **German question** in quotation marks. There is no German question, we said many years ago, seconding GDR's rulers. The question did not exist, but unfortunately there was gunfire on the internal German border and there were reckless flights of whole families across this border in hot-air balloons. The question did not exist, but there were suspicious vague points in internal German trade and certain other aspects of the relations of the two German states. Finally, there was a constant and lively interest in this "nonexistent" problem. Everything is different now. The changes that have taken place in the last few months have been so great and manysided that no one is surprised any longer at our willingness to discuss the inclusion of a unified Germany in NATO in the "2 + 4" talks.

For the correct evaluation and understanding of the present situation, for the determination of the most probable trends in its development in the immediate and more distant future, it will be useful and even necessary to have a sufficiently clear understanding of the history of the problem and the avenues of its resolution that have been formulated and proclaimed in Germany. The two books can be helpful in this respect not only because they were published shortly before last year's events and are based on a wealth of factual material, but also because they were written with a profound knowledge of history and a great measure of common sense.

The author of the first monograph—"The German Question and Germany's Neighbors to the East"—is Professor Eberhard Schulz, deputy director of the Institute of the German Foreign Policy Society, a well-known West German scholar of international affairs. For many years, he has made a thorough study of problems in modern international relations, in particular, foreign policy of the USSR and East European countries. The German question is the theme that permeates all the works of E. Schulz who can rightfully be considered the number one FRG specialist in this area.

In his works and pronouncements, he has repeatedly discussed things that were unpleasant to us. But it now becomes increasingly clear that his pronouncements are not so much the result of the "class mandate of world imperialism," but a manifestation of genuine interest in Soviet foreign policy, the desire to understand it more completely and in greater depth, and the sincere striving to make a contribution to the improvement and development of Soviet-German relations, and to the strengthening of European security. The monograph reviewed here is permeated with this spirit.

Wilfried Loth, a professor at the University of Essen and a representative of the postwar generation (he was born in 1948), who has taught contemporary history at the universities of West Berlin and Munster and has published a number of works on contemporary history and international relations, subscribes to similar positions. His book—"The East-West Conflict and the German Question"—expresses the attitude of the author's generation toward German history of the postwar period and contains an analysis of the German question and the role of the FRG and Western Europe in the East-West confrontation from the standpoint of the prospects of this confrontation.

Now that the German problem in its traditional understanding is nearly resolved and not merely the possibility of German unification (which is already perceived as inevitable) but the details and probable consequences of this act, which opens the new era in European policy, it is especially interesting and instructive to study the assessments and forecasts of West German researchers that were formulated just before the sudden, striking changes that have taken place.

E. Schulz examines the problem of German unity in close connection with the problem of overcoming the division of Europe, with the strengthening of security on the continent. He does not consider state unification the principal and immediate task of the day: "Unity depends on whether all Germans wish to be free and can be free" (I, p 29). This can only be achieved on the road of pan-European cooperation and the policy of detente. "Whoever pursues the policy of confrontation," the author warns Western statesmen, "supports the Socialist Unity Party of Germany in its striving for demarcation and plays into its hands" (Ibid., p 33).

The further development of events confirmed the correctness of this approach. German unification—the dream of all Germans—has become a political reality for all Europeans primarily as a result of Soviet perestroika and the new political thinking, which provided a powerful impetus to positive processes in world and European politics, which put an end to the Cold War and opened up broad prospects for overcoming confrontation, for the growth of trends toward detente, and for the development of multilateral cooperation in Europe.

German unification, which is taking place before our very eyes, has caused many new problems, thereby substantially altering Europe's political landscape. E. Schulz foresaw this situation and devoted special attention to relations within the European Community, including the contradictions that would inevitably arise between the Germans' right to self-determination and the right of their allies and partners to security (Ibid., p 61). He differentiates two aspects in the nucleus of the German question. "One of them is raised by the Germans. It is the striving for freedom and security for the entire German nation. The second is in the mind of the

political elite in countries that are Germany's neighbors—specifically the need for the reliable monitoring of Germany's superior potential" (Ibid., p 76).

The security problem of a unified Germany's neighbors cannot be separated from the question of creating a reliable European security system. The German problem was the focus of contradictions between states belonging to the two systems. German territory became the main beachhead for their direct confrontation. Miscalculations of both sides in German politics of the postwar period were costly to more than one generation of Europeans.

Of unquestionable interest in this connection are pages of W. Loth's monograph in which the author, addressing Germany's postwar history, convincingly dispels the myth that there was no alternative to K. Adenauer's course which led to the deepening and reinforcement of the split. Already in the first years following the war, it was quite clearly manifested as the striving of the Germans for national unification through European unity. The corresponding ideas of Walter Dirks, which were published in the journal FRANKFURTER HEFTE, are known. Pastor Martin Niemoller spoke from similar positions. Among the prominent representatives of German Social Democracy, Richard Lewentahl and his famous article "The Other Side of Capitalism," can be mentioned in this regard. All of them propagandized the idea of Europe as a "third force" capable of attenuating the East-West conflict. The key role here must belong to a unified Germany. The idea of Germans playing the role of middleman in this conflict has also been expressed by leading representatives of the Christian Democratic Union, e. g., by Jakob Kaiser, chairman of the CDU in the Soviet occupation zone.

K. Adenauer sharply narrowed these ideas, reducing them to Western integration under the aegis of the USA. He used the justifications of Wilhelm Repke, neoliberal theorist, who urged the creation of the West German state within the framework of the Western bloc strictly separated from the East. This course won out and many advocates of the "third force" went over to its side not least because of events occurring in Eastern Europe at the end of the '40s (II, p 82).

Now when we, too, look back at the formation of the "people's democratic" regimes in Romania and Hungary, Czechoslovakia and the GDR, we see from the height of today's knowledge of history how much was lost due to the gross and inhuman methods used to attain goals that were far from indisputable. The 1948-1949 blockade of West Berlin finally decided the outcome of the ideological and political struggle in West Germany over the general political orientation and fate of Germany and Europe.

Today it is difficult to dispute W. Loth's contention regarding the pernicious role played by the reluctance of the Soviet side to be receptive to German wishes for unification in the early '50s. We have already felt the

sorrowful results of delay in the sphere of economics and internal policy, are feeling it now, and will feel it very painfully in the foreseeable future. The German unity problem in the early '50s and our attitude toward it are an example of such an ineffective and flawed approach in the history of foreign policy. As is known, in an effort to keep the FRG from joining Western blocs, in the spring of 1952 we proposed that Germany (the FRG and GDR) hold free elections under the observation of the four powers as soon as possible. In this connection, W. Loth notes, not without foundation, that if such proposals had been advanced earlier, the West "would have been unable to avoid serious negotiations on the plan for neutralization" (Ibid., p 113).

In their examination of the German question and the problems connected with its resolution, both authors naturally devote much attention to the present position and politics of the Soviet Union. While it is naturally impossible to agree with them in all respects, E. Schulz's formulation of the criterion for evaluating the changes from the West's point of view, specifically how they are reflected in the Soviet Union's foreign political activity (see I, p 83), it is entirely correct.

The author knows the subject of his research well. Scores of footnotes show how attentively he has followed the debate on problems of perestroika in the foreign policy sphere. Articles published in MEMO are also repeatedly quoted. A thorough evaluation is made of the successes and failures of the policy of new thinking on the basis of deep and comprehensive study, and the degree and direction of its influence on European international relations in general and on the German problem in particular is determined. "Gorbachev's obvious successes," E. Schulz notes, "forced his critics to pursue a cautious tactic; just as in the East European capitals, *apparatchiki* in the Soviet Union were confronted with the dilemma that the foreign policy fruits of Gorbachev's policy of detente were entirely according to their taste, but they considered the soil on which these fruits sprouted to be poisonous" (Ibid., p 111).

The new philosophy of the world and Soviet foreign policy based on it are integral and most important components of European policy. It is therefore natural that the authors focus their attention on the problems of the new thinking and the new mode of actions that explode stereotypes of many years standing and radically transform European and world policy. Unforeseen facets of formulation and the possibility of solving the German question opened up in the light of the new thinking. The perception of our foreign policy in the West and the attitude toward it began to form differently. Substantial changes in this direction also took place in the FRG. Already existing directions of economic, political, scientific-technical, and cultural cooperation between the USSR and FRG expanded and new directions formed. Considerable work has already been done to realize all these possibilities and to secure the all-round development of Soviet-West German relations.

The authors of the monographs do not confine themselves to presenting and analyzing the basic aspects of the history of the question but try to look to the future, to determine the basic directions of development of German and European policy. This is especially interesting, timely, and necessary now that the Germans themselves are forming the future fate of a unified Germany; the peoples of Europe are keenly following this process not without apprehension justified by the history of the waning century and are attempting to ascertain its possible and most probable results.

E. Schulz consistently pursues—both in his analysis and forecast—the idea of the inseparability of the German question and the pan-European process, emphasizing the role and significance of the new thinking in overcoming confrontation and organizing European cooperation. The new political thinking, he emphasizes, has clearly shown that customary political structures in Europe change in the course of the historical process: "The form of the East-West conflict that has existed up until now—a form that Europeans have been acquainted with since the end of World War II—will no longer dominate European politics. The time has come for new forces to give serious thought to avoid missing the new tasks that may arise" (I, p 143).

A special section of W. Loth's book is devoted to the prospects of the East-West conflict. It contains debatable and, occasionally, what we consider incorrect points. For example, the statement that the class struggle in the Soviet understanding is continuing on the international plane and that the use of force is basically not excluded sounds very archaic (see II, p 206). But such passages do not make the weather. The main thing is that the author looks at the future realistically and considers it possible to overcome confrontation. He notes that many contradictions that were previously very important are losing their role as societies develop in both the West and the East. What is more, both systems are confronted by new tasks that are connected with the preservation of the environment, with North-South relations, and by other problems that cannot be addressed on the basis of traditional ideas. The book states that even though this will not lead to their convergence, it will substantially reduce the acuteness and aggressiveness of the conflict between them (Ibid., p 208). The book concludes: "In order that the East-West conflict would be history one fine day, the West must also commence "perestroika" (Ibid., p 214).

In a brief review, it is not possible to show all the problems that are posed in the reviewed studies. Thus, E. Schulz's work analyzes Polish-German relations, compares Germany and Korea as divided countries, and addresses many other interesting topics. W. Loth, as an authority on France, presented an expert analysis of the German question and French-West German relations in his monograph. Nevertheless, I hope that even what has been presented will be sufficient to conclude that the books before us on an extremely timely topic were written by conscientious and talented researchers.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

**Book on 'Scientific-Technical Progress' in West Reviewed**

904M0015L Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 90 (signed to press 17 Jul 90) pp 148-150

[Review by L. Veger of the book "Sovremennyy kapitalizm: osnovnyye napravleniya i effektivnost NTP" [Modern Capitalism: Basic Directions and Effectiveness of Scientific-Technical Progress]. Responsible editor: Yu. V. Kurenkov, doctor of economic sciences, Moscow, Nauka, 1989, 262 pages]

[Text] The work under review examines wide-ranging problems reflecting the essence and role of scientific-technical progress in the developed countries: the correlation of STP with society's needs, avenues of using its attainments in production, changes that have taken place in reproductive processes, in growth rates, and structural changes. The social consequences of STP are also addressed even though it is our view that this problem, like the ecological problem, received too little attention.

The reproductive process and especially the innovation and investment process are the focus of the study. The authors argue that starting with the mid-'70s, the reproductive process has entered a new qualitative state characterized by the emergence of new branches, by the still greater growth of the role of science, by the modernization of the production apparatus on a fundamentally new technical basis. Downward trends in the growth of labor productivity and the output-capital ratio are noted together with this.

An important problem that is intensively discussed in our scientific literature (but that is unfortunately not specially addressed in the work even though it appears to be present off screen) is the new quality of growth. It has been manifested in structural changes that are taking place in the economy of capitalist countries. Much has been written about this in our country and many of our scholars believe that in order to solve our problems it is sufficient to carry out structural restructuring that is supposedly easier to carry out within the framework of centralized management. It should therefore be specially emphasized that the authors do not perceive structural changes as an end in themselves or as a panacea. They are properly examined in their integral relationship with effectiveness. Almost every chapter analyzing one or another branch of the national economy contains a special paragraph devoted to this question which is extremely important to our economy.

A very important circumstance is emphasized: effectiveness in capitalist countries has been realized by various means. In some branches, it has been increased by

unconventional means, by cutbacks in capital investment and fixed capital which lead to a higher output-capital ratio. But to the contrary, in the majority of cases, the investment-output ratio rose and the output-capital ratio dropped. At the same time, overall effectiveness was attained either through the growth of labor productivity (which is not so characteristic of the present age) or through the reduction of the materials-output ratio.

It can be said to the researchers' discredit that they confined their analysis to five developed countries (the USA, Japan, the FRG, France, Italy). Nothing is said about Far Eastern "tigers," even though knowledge of their experience and the mechanism they used to reach leading positions in high-tech branches in such a short time are unquestionably of interest to us.

The frequently encountered assertion in the work that there is an overaccumulation of old equipment and an underaccumulation of new equipment in the developed countries (pages 6, 10, 12, and elsewhere) seems debatable. Such an assessment requires serious substantiation which, unfortunately, is not contained in the book. At the same time, in our view, the modernization of the production apparatus and the production of new equipment should not be as great and fast as possible, as many Soviet economists believe. The important consideration must obviously be the optimal rather than the maximum rate of modernization. After all, as the authors themselves show the cost of new equipment is extremely high during the first years of production and subsequently drops rapidly. What is more, the conditions of operation of new equipment differ: under some conditions, it produces a greater effect, while in others it produces a lesser effect which inevitably extends the introduction process over a more or less long period of time. Therefore the rate of modernization in the USA—which on the average is approximately five percent of the active part of fixed capital (p 12)—does not seem to be slow.

The question of determining the influence of STP on the organization of production: concentration and specialization, the correlation of large and small enterprises, their optimal size and location, is of interest. Unlike those who propose mechanically increasing the number of small enterprises as a way of combating gigantomania, the authors approach this question cautiously. They properly believe that the number of factors considered in determining the optimal size must be augmented by those such as the more frequent changeability of models, social and ecological influence, differentiation of the clients' needs, etc.

In their examination of the correlation between state and private management of the STP, the authors note the tendency toward the reduction of the state's direct influence on the economy. At the same time, the work emphasizes that the state exerts its influence indirectly—through tax policy, subsidies, etc., which does not exclude direct financing. Thus in the USA, 10 percent of the state's financing of R&D goes to support small enterprises and especially venture enterprises. We will

not dwell in detail on STP in various branches, which is the subject of a large part of the book. Let us call the readers' attention only to the changes that appear the most significant. Thus, computer-aided design has been widely introduced in the construction industry making it possible to cut design time 2-5-fold and to reduce costs by 30-35 percent. At the same time, construction continues to be a branch with a large share of manual labor (although the share of unskilled labor is declining). Major changes are noted in the construction of materials in the construction complex: in particular, the share of aluminum and especially of plastics is growing. As regards effectiveness, a classic case is observed here—the growth of the investment-output ratio is accompanied by the saving of live labor and material costs.

There have been most important structural changes in the complex of branches that produce objects of labor. The work shows that a distinguishing feature of the present stage of the scientific-technological revolution is the saving of resources, both natural resources and resources that are the result of past labor. Thus the consumption of steel per unit of gross output in the USA has been almost cut in half and the absolute production of steel has also declined noticeably. The appearance of new materials has led to a sharp decline in the metal-intensiveness of products in almost all spheres of the economy. The decline of demand for metal products, the decline of the utilization of production capacities in ferrous metallurgy, and the accumulation of an enormous inactive production potential here are the natural consequence of this. The authors believe that the branch is in a transitional stage and that at the turn of the future century, it will develop a number of new, highly effective technological processes. STP has called to life certain new forms of organization of production; computer systems and automatic control systems are being actively introduced. In metallurgy, this takes the form of mini-plants that frequently supplement enterprises with a full cycle that respond promptly to diverse, rapidly changing needs. It is assumed that the share of mini-plants may comprise approximately 40 percent by the end of the century (pp 55, 146).

Interesting trends are noted in U. S. agricultural production. It is noted, in particular, that it has become a very science-intensive branch. Approximately 50 percent of agricultural R&D is financed by the budget (federal or state); this is connected not with the indeterminacy of the result (as in basic research), but with the relatively dispersed character of the farm economy. Under these conditions, state aid is indeed necessary and we should obviously consider this circumstance. The authors identify biological nitrogen fixation, photosynthesis, cellular and genetic engineering, and minimum soil cultivation among the most important topics of scientific research work in this area. The book cites expert evaluations of the saving from such measures, which are very impressive. For example, the biological fixation of nitrogen is expected to save about \$15 billion; photosynthesis—\$8 billion; and certain cellular and genetic engineering

measures—\$10 billion. The improvement of the technological process (widespread recycling of waste, the transition to two harvests in many cases due to intensive farming, soil-conservation measures, and droplet irrigation) made it possible to increase U. S. agricultural production significantly: between 1950 and 1984, it rose by 88 percent at the same time that overall costs declined by 5 percent. All this took place without an increase in sown area and the number of livestock, even with a decline in the size of the work force (p 196).

In the development of transport, there are changes in the direction of a rising share of aviation and pipeline transport with a certain decline in rail transport even though in some countries the latter will reach a new technical level offering greater comfort and higher speeds. A characteristic feature of industrial transport is work based on the principle "precisely on schedule." As a result it is sufficient for an enterprise to maintain inventories for 2-4 hours of work.

The most impressive changes have probably been in communications, the functions and potential of which have rapidly expanded. They are increasingly becoming not merely the transmitter of information, but also facilitate the management decision-making process, computational functions, data processing, etc. Between 1950 and 1986 the sale of communications equipment in the USA increased 18-fold and is expected to increase 38-fold in the next decade. The new quality of communications is giving birth to a "paperless economy" that yields an enormous effect not only in the saving of paper, but primarily in the efficiency and quality of management (pp 242-243).

In our country, the question as to the future of STP has still not been decided. The problem is not even so much the difficulty of allocating the catastrophically scarce resources as the lack—as past experience has shown—of an anticipated return from channeling them into the STP sphere (as into other spheres). Therefore, any work that helps to answer this urgent question is useful and generates wide interest. Evidence of this is the speed with which the reviewed book disappeared from the counter.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

## Two Books on Joint Ventures Reviewed

904M0015M Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 150-152

[Review by N. Lopukhova of books: [I] "Smeshannyye obshchestva v praktike stran-chlenov SEV" [Mixed Societies in the Practice of CEMA Member Nations] by Ye. L. Yakovleva, Moscow, Mezhdunarodnyye otnosheniya, 1989, 160 pages]; and [II] "Rubl plyus dollar. Kak organizovat sovместnoye predpriyatiye" [The Ruble



Plus the Dollar. How to Organize a Joint Venture] by V. A. Kashin, Moscow, Molodaya gvardiya, 1989, 334 pages]

[Text] There are objective processes in economic life that cannot be ignored if a country wants to be a full-fledged participant in world economic relations. In 1986 work commenced in the USSR on the creation of organizational-legal conditions for the activity of joint ventures on our soil and a number of decrees and instructions regulating their founding and activity were promulgated.

Under the conditions of a planned economy, moreover, an economy beset with severe shortages, joint entrepreneurship is an alien phenomenon. In our country, too, the joint venture has emerged as a form of the alternative, market economy that is not subordinate to ministries.

The exceptional external attractiveness of joint ventures, which is connected with the possibility of close contacts of the direct producers with foreign firms plus the great potential in this form of cooperation unquestionably promoted the rapid growth of the number of joint ventures in the Soviet Union. And this despite the absence of the appropriate economic climate and the obvious lack of trained cadres to participate directly in the founding of the joint ventures and in their activity.

Under these conditions, publications on joint ventures evoke the special interest of readers. While numerous books and pamphlets are presently written on this topic, our attention was attracted by two that complement one another well. One of them analyzes the experience of joint entrepreneurship involving the participation of enterprises and organizations of CEMA member nations. They have numerous opponents who view the very fact of creation of joint ventures as an assault on the economic and even the political sovereignty of the USSR, as the desire to "sell Russia out for dollars," to pump out its useful and nonreproducible resources, to exploit its cheap labor power, and to undermine the foundations of socialism. Participations in discussions on this topic may find the work by Ye. Yakovleva, which examines the politico-economic nature of "East-West" mixed societies, very interesting. The author begins her analysis by dividing production relations into technico-economic, organizational-economic, and socioeconomic. This will make it possible to understand which production relations that arise within the framework of joint ventures and that have an intersystemic nature, are similar to those that are applied within the framework of every national system. It then becomes clear that it is possible to speak about the impossibility of amalgamation or of growing into one another only with respect to relations that are most remote from the productive forces and most social in their nature.

As the book shows, two other categories of production relations can have an intersystemic nature and not

exemplify antagonism at all. Thus the methods of organization and management of trade, production cooperation, compensatory transactions, and joint ventures themselves have many features in common that make it possible to carry out joint economic activity, which creates the basis for intersystemic organizational-economic relations. Relations in concrete workplaces and in shops (i. e., technico-economic relations) are also very similar under both capitalism and socialism, as a result of which intersystemic relations form here. The author begins the analysis of the activity of joint ventures with those that are situated in capitalist and developing countries. This is logical in our view because it is specifically there that "East-West" joint ventures have been created first of all. Such analysis makes it possible to ascertain what joint entrepreneurship gives the receiving country.

It cannot be said that the reaction to such joint ventures in capitalist countries was uniform. And there voices rang out concerning the creation of "red TNCs," about the role of the socialist state standing "behind the back" of joint companies, etc. But as regards the economic aspect of the question, the book convincingly shows the mutual gain of partners from participation in joint entrepreneurship. For socialist countries, this is above all the expansion of exports and the improvement of the structure of exports; for capitalist and developing countries it is higher employment; for all participants, it is stable and durable relations, the possibility of avoiding customs and other trade barriers, etc.

Each party to "East-West" joint ventures naturally have their own interests. The specific interests of socialist countries (for example, drawing upon progressive foreign scientific-technical knowhow and the introduction of the results of scientific-technical progress into production, increasing the competitiveness of their products, increasing the production of scarce goods, fundamentally broader involvement in world economic relations) reflect shortcomings of their dominant economic system. The socialist partners obviously try to use foreign capital as one of the means of extricating themselves from an economic system that rejects scientific-technical progress, that makes the production of uncompetitive products profitable and comfortable for the producer, that increasingly isolates our national economy from the world economy. The growth of production for the satisfaction of internal needs is also very important. The creation of joint ventures can thus be regarded as a means of overcoming economic difficulties. (It should be noted parenthetically that the significance of joint ventures in the national economy is slight. They have not yet borne the expected fruit).

But as regards the interests of partners from developed capitalist countries (the reinforcement of already developed markets and the penetration of new markets; the use of cheaper manpower and sources of raw materials), they more likely express their further self-development under the conditions of the market economy.

The problems originating in other socialist countries in connection with the creation and functioning of joint ventures are unquestionably also of interest to us. The book refers primarily to the lack of a clear conception of their development. This is connected in particular with the insufficient experience of state regulation with the aid of economic methods. It generates difficulties both in the legal and economic spheres. The analysis in Ye. Yakovleva's work of the evolution of legislation regulating joint entrepreneurship there is of interest from this point of view.

Of course, many difficulties are generated by the absence of experience on the part of the "Eastern" partners. But the most important consideration is probably the ignorance of the practice of free entrepreneurship, the inability to act independently and to bear full material and financial responsibility for one's economic activity. This is why the other reviewed work is especially valuable for those who intend to become a participant in a joint venture. The author analyzes the potential of creation and the activity of joint ventures in the USSR and shows that Soviet legislation also permits other models of joint entrepreneurship than those that are now widely disseminated. At the same time, it acquaints the reader with capitalist practice and compares it with the practice that is widespread in our country. This is important in resolving the question of the location of joint ventures and the choice of the form of cooperation.

It should be emphasized that the variability of the proposed solutions is one of the many merits of V. Kashin's monograph. The author does not merely describe what should be done to make intelligent decisions and how to do it, but gives the reader the opportunity to choose what is most appropriate to a concrete situation.

A simple survey of sections of the book shows that it addresses the very wide-ranging questions that arise in the creation of joint ventures: the preliminary study of proposals, the procedure for preparing, compiling and approving founding documents, feasibility studies, questions relating to financing, credit, tax planning, etc. When examining a given subject, the author discusses legislative principles and analyzes existing practice and difficulties that arise on the basis of specific examples.

The problems are as a rule connected with the shortcomings of our economic system: an economy afflicted with shortages and an inconvertible ruble generate a contradiction between public interests (to saturate the internal market with goods) and the interests of the joint venture (to ensure its profitable operation, which requires the growth of exports of the joint venture's products). For the same reasons, the foreign firm has difficulty turning the ruble part of profits into goods when strict trade regulations make it impossible for it to spend its profits in the host country.

The merit of the book is that V. Kashin analyzes various aspects of the activity of joint ventures in the USSR,

surveys the corresponding practice in capitalist countries, and examines the activity of financial institutions there. This will obviously interest those who plan to borrow from foreign commercial banks and firms. It is also important that the work examines questions that entrepreneurs are only beginning to encounter, for example, stock operations. The majority of Soviet participants in joint entrepreneurship have a very remote idea of what a stock is, how it differs from other securities, what dangers await them if they mass quantities of stocks in the absence of elementary forms for regulating their circulation.

Economic practice in our day is rapidly changing and is constantly in need of new interpretation. In my opinion, this statement is also appropriate in regard to the books under review. No sooner was Ye. Yakovleva's work published than the question of socialist property was raised anew in European CEMA countries and new legislative acts bringing models and conditions of functioning of joint ventures closer to those adopted in world practice appeared. A number of Soviet legislative reforms proposed by V. Kashin have already become a reality.

Both publications appeared before the events that break the existing stereotypes in internal economic structures in East European states and in the system of reciprocal relations of these countries, changing their position in the world economy. The role of joint ventures grows dramatically under the new conditions. It is specifically they that can become a unique "market school," a catalyst of deep economic reforms, and a relatively simple method for including reformed national economies in the world division of labor.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1990.

#### List of Books Recently Published

904M0015N Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 8, Aug 90 (signed to press 17 Jul 90) pp 156-157

[Text] Bolkhovitinov, V. N., "Russko-amerikanskiye otnosheniya i prodazha Alyaski. 1834-1867" [Russian-American Relations and the Sale of Alaska. 1834-1867]. Moscow, Nauka, 1990, 368 pages.

Vayntsvayg, G., "Desyat zapovedey tvorcheskoy lichnosti" [The Ten Commandments of the Creative Individual]. Translated from English. Moscow. Progress. 1990, 187 pages.

"Varshavskiy Dogovor: istoriya i sovremennost'" [The Warsaw Treaty: Past and Present]. General editor: P. G. Lushev. Moscow, Voenizdat, 1990, 256 pages.

"Vneshniye ekonomicheskkiye svyazi SSSR v 1989 g. Statisticheskii sbornik" [USSR Foreign Economic Relations in 1989. Statistical Collection]. Moscow, Finansy i statistika, 1990, 302 pages.

"Gibnushchiye lesa. Posledstviya obezleseniya dlya che-lovechestva. Doklad dlya Nezavisimoy komissii po mezhdunarodnym gumanitarnym voprosam" [Perishing Forests. The Consequences of Deforestation to Man-kind. Report for the Independent Commission on International Humanitarian Issues]. Translated from English. Moscow, Mezhdunarodnyye otnosheniya, 1990, 105 pages.

Glazyev, S. Yu., "Ekonomicheskaya teoriya tekhnicheskogo razvitiya" [The Economic Theory of Technical Development]. Moscow, Nauka, 1990, 232 pages.

"Delovoy mir. Daydzhest pressy. Nauka, ekonomika, statistika, finansy" [The Business World. Press Digest. Science, Economics, Statistics, Finance]. Moscow, Finansy i statistika, 1990, 176 pages.

Yeltsin, B. N., "Ispoved na zadannuyu temu" [Sermon on the Assigned Topic]. Sverdlovsk, Sredne-Uralskoye knizhnoye izdatelstvo, 1990, 234 pages.

Zvonova, Ye. A. "Valyutno-kreditnyy mekhanizm kommercheskikh svyazey predpriyatiya" [The Currency-Credit Mechanism of Enterprise Commercial Relations]. Moscow, Finansy i statistika, 1990, 111 pages.

Ivanov, M. M., Kolupayeva, S. R., and Kochetkov, G. B., "SShA: upravleniye naukoy i novovvedeniyami" [The Management of Science and Innovation in the USA]. Moscow, Nauka, 1990, 214 pages.

Kadyrov, R., "Zapiski bankira, ili trudnyy put k rynochnoy ekonomike. (Izdano za schet sredstv avtora pri uchastii Banka "Vostok")" [A Banker's Notes or the Difficult Road to the Market Economy. (Published at the author's expense with the participation of the "East Bank"). Ufa, 1990, 159 pages + appendices.

Kapto, A. S., "Filosofiya mira: istoki, tendentsii, perspektivy" [The Philosophy of Peace: Sources, Trends, Prospects]. Moscow, Politizdat, 1990, 432 pages.

"Konstitutsionnoye pravo razvivayushchikhsya stran: obshchestvo, vlast, lichnost'" [Constitutional Law in the Developing Countries: Society, Authority, the Individual]. Responsible editor: V. Ye. Chirkin. Moscow, Nauka, 1990, 295 pages.

Kuznetsov, V. V., "Predpriyatiye vo vneshneekonomicheskikh svyazyakh. Strategiya razvitiya i tekushchiye problemy" [The Enterprise in Foreign Economic Relations. Strategy of Development and Current Problems]. Moscow, Mezhdunarodnyye otnosheniya, 1990, 271 pages.

Kuznetsov, V. S., "Mirovaya valyutnaya sistema kapitalizma: pod znakom 'dolgovogo' krizisa" [The Capitalist World Monetary System: Under the Sign of the 'Debt' Crisis]. Moscow, Finansy i statistika, 1990, 144 pages.

Lisovskiy, Yu. P., "Italiya ot fashiizma k demokratii. Trudnyye puti poslevoyennoy perestroyki" [Italy from Fascism to Democracy. The Difficult Roads of Postwar Restructuring]. Moscow, Nauka, 1990, 286 pages.

Mertsalova, L. A., "Nemetskoye soprotivleniye v istoriografii FRG" [German Resistance in FRG Historiography]. Moscow, Nauka, 1990, 223 pages.

Nevskiy, A. Yu., "Afrika: syrye i razvitiye" [Africa: Raw Materials and Development]. Moscow, Nauka, 1990, 100 pages.

"Puti k tekhnologicheskomu sotrudnichestvu. Tendentsii 80-kh gg." [Roads to Technological Cooperation. Trends of the 80's]. Responsible editor: Yu. S. Shiryayev. Moscow, Nauka, 1990, 224 pages.

Rakitskiy, B. V. and Rakitskaya, G. Ya., "Strategiya i taktika perestroyki" [The Strategy and Tactics of Perestroyka]. Moscow, Nauka, 1990, 127 pages.

"Sbornik statisticheskikh materialov. 1980" [Collection of Statistical Materials. 1989]. Moscow, Finansy i statistika, 1990, 237 pages.

Sobol, O. N. and Yermolenko, A. N., "'Neokonservativnaya revolyutsiya': lozungy i realnost'" [The 'Neoconservative Revolution': Slogans and Reality]. Kiev, Politizdat Ukrainy, 1990, 191 pages.

"Sovremennyye voyny: gumanitarnyye problemy. Doklad dlya Nezavisimoy komissii po mezhdunarodnym gumanitarnym voprosam" [Modern Wars. Report for the Independent Commission on International Humanitarian Problems]. Translated from English. Moscow, Mezhdunarodnyye otnosheniya, 1990, 248 pages.

Soldatov, S. A., Stankekvich, S. B., and Fedotov, M. A., "Zakon ob obshchestvennykh obyedineniyakh grazhdan (o svobode soyuzov) v SSSR. Kakim yemu byt? Mneniye uchenykh. Initsiativnyy avtorskiy proyekt" [The Law on Social Associations of Citizens (on the Freedom of Unions) in the USSR. What Should It Be Like? The Opinion of Scholars. A Project Initiated by the Authors]. Moscow, Yuridicheskaya literatura, 1990, 32 pages.

Solovyeva, R. G., "OON. Rasstanovka sil i diplomatiya v 80-ye gody" [The UN. The Array of Forces and Diplomacy in the 80's]. Moscow, Nauka, 1990, 174 pages.

Sorokin, D. Ye., "Samoregulirovaniye v sotsialisticheskoy ekonomike" [Self-Regulation in a Socialist Economy]. Moscow, Ekonomika, 1990, 159 pages.

Starchenkov, G. N., "Naseleniye Turetskoy Respubliki. Demografo-ekonomicheskii ocherk" [The Population of

the Republic of Turkey. Demographic and Economic Essay]. Moscow, Nauka, 1990, 172 pages.

Supyan, V. B., "Nayemnyy trud v SShA na novom etape NTR: kachestvennaya evolyutsiya i problemy ispolzovaniya" [Hired Labor in the New Stage of the Scientific-Technological Revolution in the USA]. Moscow, Nauka, 1990, 143 pages.

Tanko, Z., "Raspredeleniye: analiz opyta samoupravleniya v Yugoslavii" [Distribution: Analysis of the Experience of Self-Government in Yugoslavia]. Translated from Serbo-Croatian. Moscow, Ekonomika, 1990, 272 pages.

Trubaychuk, A. F., "Pakt o nenapadenii: byla li alternativa vtoroy mirovoy voyne" [The Nonaggression Pact: Was There an Alternative to World War II?]. Kiev, Molod, 1990, 118 pages.

Uvarov, V. D. and Borisov, K. G., "Mezhdunarodnyye turistskiye organizatsii. Spravochnik" [International Tourism Organizations. Handbook]. Moscow, Mezhdunarodnyye otnosheniya, 1990, 287 pages.

Utkin, A. I., "SShA-Yaponiya: vchera, segodnya, zavtra" [The USA-Japan: Yesterday, Today, Tomorrow]. Moscow, Nauka, 1990, 231 pages.

Fazelyanov, E. M., "Yegipet: chelovecheskiy faktor i razvitiye" [Egypt: The Human Factor and Development]. Moscow, Nauka, 1990, 176 pages.

Fedorenko, N. P., "Voprosy optimalnogo funktsionirovaniya ekonomiki" [The Optimal Functioning of the Economy]. Second revised and expanded edition. Moscow, Nauka, 1990, 301 pages.

Khit, G. L. and Dolinova, N. A., "Rasovaya differentsiatsiya chelovechestva. Dermatologicheskiye dannyye" [Racial Differentiation of Mankind. Dermatological Data]. Moscow, Nauka, 1990, 204 pages.

"Ekonomicheskaya reforma: poisk resheniy. Materialy Vsesoyuznoy nauchno-prakticheskoy konferentsii po problemam radikalnoy ekonomicheskoy reformy. 13-15 noyabrya 1989 g." [Economic Reform: The Search for Solutions. Materials of the All-Union Scientific-Practical Conference on Problems of Radical Economic Reform. 13-15 November 1989]. General editors: L. I. Abalkin and A. I. Milyukov. Compiled by V. S. Belyayev, et al. Moscow, Politizdat, 1990, 288 pages.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1990

## Articles in MEMO Not Translated

00000000 Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian* No 8, Aug 90 (signed to press 17 Jul 90) pp 1-2

[Text] Summary of Major Articles in Russian ... pp 3-4

Capitalism in the View of History and the Present (Yu. Kochevrin) ..... pp 5-16

The New Reformation or the Revolution of the Future (S. Agayev) ..... pp 17-29

International Trade in Services in the World Economy and Policy (L. Sabelnikov) ..... pp 30-41

On the Nature of State Property in the Developing Countries (G. Kiselev) ..... pp 42-50

Medical Insurance in the West and Public Health Service in the USSR (I. Sheyman) ..... pp 87-95

The Information Business: An Inside View (P. Zurkovski) ..... pp 96-104

The Creative Legacy of N. D. Kondratyev and the Present (Ye. Belyanova, S. Komlev) ..... pp 124-131

The Idea of Social Progress in Conceptions of the "New Left" (Ye. Osipova) ..... pp 135-141

Are Ideological Compromises Possible (V. Gidirinskiy) ..... pp 142-144

A Successful Portrait (L. Lyubimov) ..... pp 152-154

To the French With Love (I. Bunin) ..... pp 154-155

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1990

## Publication Data

904M00150 *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian* No 8, August 1990

[Text] English title: WORLD ECONOMICS & INTERNATIONAL RELATIONS

Russian title: *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA*

Editor: G. G. Diligenskiy

Publishing house: Izdatelstvo TsK KPSS "Pravda"

Place of Publication: Moscow

Date of publication: August 1990

Signed to press: 17 July 1990

Copies: 27,000

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1990